



U.S. Department of Agriculture



Office of Inspector General  
Midwest Region

# Audit Report

## USDA's Controls Over the Importation and Movement of Live Animals

Report No. 50601-0012-Ch  
March 2008

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UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

Washington D.C. 20250



MAR 31 2008

REPLY TO

ATTN OF: 50601-12-CH

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FROM: Robert W. Young /s/  
Assistant Inspector General  
for Audit

SUBJECT: Controls Over the Importation and Movement of Live Animals

This report presents the results of our audit concerning USDA's Controls Over the Importation and Movement of Live Animals. Your responses to the official draft are included in their entirety as exhibits A and B in this report. Excerpts of your responses and the Office of Inspector General's (OIG) Position are incorporated into the Findings and Recommendations section of the report.

Based on Food Safety and Inspection Service's response, dated February 25, 2008, we have reached management decision on Recommendation 3. Based on Animal and Plant Health Inspection Service's response, dated March 31, 2008, we have reached management decisions on Recommendations 1, 2, 7, 11, 14, 15, 16, 17, 18, 19, and 20. Please follow your agency's internal procedures in forwarding documentation for final actions to the Office of the Chief Financial Officer. Management decisions can be reached for Recommendations 4, 5, 6, 8, 9, 10,

12, 13, and 21 once you have provided us with the additional information outlined in the report section, OIG Position.

In accordance with Departmental Regulation 1720-1, please furnish a reply within 60 days describing the corrective actions taken or planned and the timeframes for implementation of those Recommendations for which management decisions have not yet been reached. Please note that the regulation requires a management decision to be reached on all findings and recommendations within a maximum of 6 months from report issuance and final action to be taken within 1 year of each management decision.

We appreciate the courtesies and cooperation extended to us by members of your staff during this audit.

# Executive Summary

## USDA's Controls Over the Importation and Movement of Live Animals

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### Results in Brief

This report presents the results of our audit to evaluate the effectiveness of the U.S. Department of Agriculture's (USDA) controls over the importation and movement of live animals. Under the authority of the Animal Health Protection Act, USDA's Animal and Plant Health Inspection Service (APHIS) regulates the importation of live animals. During fiscal year (FY) 2006, over 20 million animals were brought into the United States.<sup>1</sup> Over 99 percent of these animals were imported from Canada and Mexico. Shipments of live animals are met at the border by officials from the Department of Homeland Security Customs and Border Protection (CBP). In accordance with a Memorandum of Agreement with APHIS, CBP refers live animal shipments to the APHIS port-of-entry veterinarian for inspection.<sup>2</sup>

APHIS port-of-entry veterinarians review import documentation<sup>3</sup> and perform a visual inspection of the animals from outside the conveyance or by offloading the animals into pens and then inspecting them. If necessary,<sup>4</sup> APHIS port-of-entry veterinarians secure the doors of the conveyance with official USDA seals.<sup>5</sup> Different requirements exist for each species of imported animal, but most imported animals require a health certificate to enter the United States. A licensed veterinarian from the country of origin inspects the animals, then signs the health certificate certifying the health status of the animals and that U.S. import requirements are met. The certificate is then endorsed and sealed by a veterinary official from the country of origin. The most common certification is that the animal(s) to be imported were inspected and determined to be free of communicable disease.

APHIS works with the Food Safety and Inspection Service (FSIS) at designated slaughter establishments to ensure the proper handling of imported animals sent to slaughter. At each slaughter establishment, an FSIS veterinarian inspects the animals and verifies that the import documentation is complete and, if applicable, that the seals on the conveyance are present and unbroken. An FSIS official signs the import documents and returns a copy to

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<sup>1</sup> Source: APHIS' Import Tracking System database.

<sup>2</sup> Memorandum of Agreement signed by both Departments' Secretaries on February 28, 2003.

<sup>3</sup> Declaration for Importation; APHIS Form 17-29, Animals, Animal Semen, Animal Embryos, Birds, Poultry, or Hatching Eggs; and health certificates from the country of origin.

<sup>4</sup> Veterinary Services Memorandum 591.15 Importation of Restricted Animals from Canada and Mexico for Immediate Slaughter, establishes procedures for the handling of untested (restricted) animals; 9 CFR Part 93, dated July 27, 2006, specifies import requirements by animal type, including pertinent testing requirements. For example, bovine entering the U.S. from Mexico do not require the use of seals when sent to a feedlot.

<sup>5</sup> Certain shipments of live animals are required to have the conveyance doors secured with an official USDA seal to maintain the integrity over restricted movements; e.g., Canadian bovine or swine.

the APHIS port-of-entry, or area office, to confirm that the shipment was received.<sup>6</sup>

Our audit concluded that APHIS' controls over live animal imports need to be strengthened to prevent, detect, and address the entry of live animals that do not meet import requirements. While APHIS relies on country of origin health certificates certifying the animal's health condition, age, and/or other import requirements, it does not have adequate processes in place to follow up and determine whether individual problems detected represent a larger systemic noncompliance that needs to be addressed by agency inspection personnel or the country of origin. Import problems that are detected are generally handled locally and are not assessed from a program management perspective.

APHIS does not have effective systems or controls for approving and/or tracking live animals into the United States. We found animals entered the country without APHIS inspection. An internal APHIS review of ports-of-entry in September 2004, also disclosed that live animals bypassed inspection.<sup>7</sup> APHIS relies on a manual process to account for and track the movement of animals from CBP to APHIS inspection at the border and to their final destination (e.g., feedlots, slaughter establishments). APHIS does not always reconcile or follow up on discrepancies in the number of animals arriving at their final destinations as compared to those approved for entry into the United States. Therefore, APHIS cannot always demonstrate that all restricted<sup>8</sup> animals are slaughtered. Also, we found inadequate accountability over the inventory and issuance of official USDA seals used to secure the movement of restricted animals after inspection at the port-of-entry.

Homeland Security Presidential Directive 9 establishes a national policy to defend the agriculture and food system against terrorist attacks, major disasters, and other emergencies, which includes enhancing screening procedures for domestic and imported products. Because we believe these issues represent potential homeland security weaknesses, on May 1, 2007, we issued a Management Alert to both APHIS and FSIS during our fieldwork and made recommendations for immediate corrective action.

APHIS recognizes the need to develop automated controls over its live animal import process. It is developing the Veterinary Services Process Streamlining (VSPS) system, which is expected to replace existing manual, paper-oriented processes. VSPS is expected to provide a more comprehensive

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<sup>6</sup> Documents for animals imported for immediate slaughter are returned to the APHIS port-of-entry; documents for animal movements from approved feedlots to slaughter establishments are returned to the applicable APHIS area office.

<sup>7</sup> APHIS conducted an internal Safeguarding Review of operations at 23 ports-of-entry in September 2004.

<sup>8</sup> The term "restricted" refers to specific requirements imposed by APHIS to limit the movements of certain animals. For example, the movement of feeder bovine from Canada was restricted to one feedlot where the feeder bovine must remain until transported under seal to a slaughter establishment.

tool for animal tracking and disease analysis which, in turn, would allow APHIS to respond more quickly to any threats to animal health in the United States. However, the live animal import module of VSPS has already been delayed for more than 2 years due to other agency priorities, and it is not anticipated to be completed before September 2008. Until this system is fully implemented, interim actions need to be taken to strengthen controls and to track the movement of live animals into the United States.

In response to our Management Alert, APHIS officials stated that they are committed to ensuring all of APHIS' regulatory controls are sufficient. They formed a working group of experts from APHIS and FSIS to examine import protocols, pre-import clearance requirements, procedures at ports-of-entry, and import controls at feedlots and slaughter facilities. On November 27, 2007, APHIS officials provided OIG with their report on the conclusions presented by the working group. Overall, the working group determined that most of the concerns OIG identified could be corrected with uniform and consistent implementation of guidelines and improved communication protocols. To support its 13 recommendations, the working group drafted policies for consideration by the Deputy Administrator and possible follow up with FSIS. These recommendations are under review by the Deputy Administrator.

The following summarizes the conditions we found during our audit.

#### Increased Inspection Efforts Needed for Import Restrictions

An import restriction, known as the Minimum Risk Region (MRR) rule,<sup>9</sup> was implemented after the discovery of Bovine Spongiform Encephalopathy (BSE)<sup>10</sup> in an animal imported from Canada. The MRR rule allowed bovine from Canada to be imported provided the bovine were not pregnant and were under 30 months of age when slaughtered. The Canadian Food Inspection Agency (CFIA)<sup>11</sup> documents compliance with these import restrictions on a health certificate.

During our fieldwork, a feedlot owner informed us that they had Canadian bovine that reached 30 months of age, which is a violation of the MRR rule. We also identified other instances of noncompliance with the MRR rule from various sources including APHIS area offices, slaughter establishments, FSIS personnel, and APHIS' Investigative Enforcement Services (IES).<sup>12</sup> We could not determine the extent of problems detected because APHIS does not centrally accumulate or report import noncompliance.

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<sup>9</sup> Final rule was published on January 4, 2005, in the Federal Register, Volume 70, Number 460; also see 9 CFR Parts 93, 94, 95 and 96.

<sup>10</sup> BSE, widely known as "mad cow disease," is a chronic, degenerative disease affecting the central nervous system of cattle.

<sup>11</sup> CFIA is APHIS' counterpart in charge of animal health and regulating imports and exports.

<sup>12</sup> The organizational component of APHIS that investigates alleged import violations.

From these sources, we identified 113 Canadian health certificates used to import more than 7,000 bovine, that did not accurately represent the health, age, or identification of 211 bovine imported for slaughter. We found 56 health certificates did not identify 85 bovine that were pregnant. We also found another 50 health certificates for 105 bovine did not list accurate ages, since veterinarians at feedlots or slaughter establishments determined the bovine to be over 30 months of age. The remaining 7 health certificates had missing or incorrect animal identification information for 21 bovine. We concluded that these problems were not isolated occurrences because they involved at least 52 different Canadian veterinarians and 40 CFIA officials. APHIS does not have processes in place to collectively analyze import noncompliance or follow up with CFIA officials to determine if corrective actions are needed.

After our fieldwork, APHIS implemented a new MRR rule, effective November 19, 2007.<sup>13</sup> The new MRR rule now allows all bovine born after March 1, 1999, to be imported to the United States. However, the problems we found during this audit raise concerns with APHIS' controls over live animal imports, and whether controls are adequate to ensure compliance with import restrictions or provide adequate screening and/or defense against deliberate attacks or natural disasters.

#### Enhanced Surveillance Needed at Northern Border

Additional controls are needed at northern ports-of-entry to obtain stronger assurance that all animal shipments are inspected by APHIS veterinarians. APHIS port officials rely on CBP officials to refer live animal shipments to them, as well as compliance by the transporters to stop for inspection. APHIS has not arranged with CBP to receive notification of incoming live animal shipments, nor has it obtained access to CBP's Automated Targeting System<sup>14</sup> to track animals that have entered the United States to inspection.

Through discussions with port officials and our review of APHIS IES records, we confirmed that 161 animal shipments gained unauthorized entry into the United States during FYs 2005 and 2006. APHIS Headquarters officials stated they were not aware that live animal shipments were bypassing their inspection process even though an internal review conducted in September 2004<sup>15</sup> disclosed that problems had occurred. When problems are eventually discovered, they are addressed by APHIS' port or area office personnel, and/or by IES. Although the number of shipments being investigated by APHIS are less than 1 percent of the 55,000 animal shipments

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<sup>13</sup> Final rule (amended) was published on September 18, 2007, in the Federal Register, Volume 72, Number 180.

<sup>14</sup> The Automated Targeting System is an Intranet-based enforcement and decision support tool that allows CBP officials to focus their efforts on travelers and cargo shipments that warrant greater scrutiny. The Automated Targeting System also contains information on animal and animal product shipments that are approaching the United States.

<sup>15</sup> APHIS presents the recommendations of its September 2004 review in the "Safeguarding Review Action Plan (Draft)," dated January 31, 2007.

inspected for 2005 and 2006, we were not able to determine the full extent of this problem. APHIS does not adequately track live animal imports and, if problems are detected, does not collectively analyze import violations.

### Controls to Ensure Imported Animals Reach Slaughter Establishments

APHIS has policies that add restrictions to the movements of certain animals that are imported. The largest volume of animals imported in this category is (approximately 2 million)<sup>16</sup> swine from Canada for immediate slaughter. After inspection at the port-of-entry, swine are moved in a sealed conveyance directly to a slaughter establishment. Such immediate slaughter swine from Canada do not require a health certificate to enter the United States. Additionally, feeder bovine from Canada are restricted<sup>17</sup> and must travel in a sealed conveyance to the feedlot and remain at the feedlot until they are transported under seal to a slaughter establishment.

APHIS can not demonstrate that all immediate slaughter swine or feeder bovine from Canada arrived at their intended destination and were timely slaughtered. We found that 436 feeder bovine and almost 9,000 immediate slaughter swine (over a 4-month period) could not be verified as having been slaughtered, as required. Import documentation showed discrepancies in the number of animals arriving at their final destination as compared to those approved for entry into the United States. APHIS did not reconcile the discrepancies or follow up to determine what happened. The tracking of live animals to slaughter is performed manually and APHIS has not completed an automated system that will facilitate this task.

According to APHIS management, they never intended to track every bovine from Canada from feedlot to slaughter because other controls such as the Canada brand<sup>18</sup> would guard against the diversion of bovine. Similarly, APHIS management was not concerned about tracking individual swine from Canada because they do not carry any diseases that are not already in the United States.

### Bovine Imported from Mexico

While Mexico does not have BSE and, thus, the MRR rule does not apply to its bovine, APHIS has established other special procedures for allowing entry of Mexican imports into the United States. For example, in addition to having a valid health certificate, bovine from Mexico must be closely inspected for

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<sup>16</sup> Source: APHIS' Import Tracking System database.

<sup>17</sup> Final rule (amended) dated September 18, 2007, lifted this restriction effective November 19, 2007.

<sup>18</sup> Feeder bovine from Canada required a "CAN" brand that results in a permanent mark to the animal's hide. The mark must be no less than 2 inches high and must be applied to each animal's right hip.

disease inducing ticks, and there must be evidence that each animal has tested negative for Bovine Tuberculosis (TB) because of the prevalence of TB in Mexico's bovine population.

During our visit to [ ] southern port-of-entry, we observed that, upon inspection by APHIS veterinarians, 25 of 1,586 bovine were rejected for various health concerns, and one was rejected for not having a specific tag indicative of testing negative for TB. We confirmed with APHIS officials that bovine are routinely rejected for health concerns at all southern ports-of-entry. However, the reasons that animals are rejected are not accumulated, analyzed, or communicated outside of each individual port-of-entry or back to agricultural officials in Mexico for corrective actions. Furthermore, rejected animals are not identified on import documents; thus, it appears all animals in the shipment were allowed entry into the United States. This could complicate APHIS' efforts to locate bovine if a disease investigation is necessary.

We also learned that it is APHIS' practice at southern ports-of-entry to reject only individual bovine that lack the appropriate ear tag indicating the bovine tested negative for TB. In these cases, the rest of the shipment is allowed to enter even though the untagged bovine was not inspected. Also, the accompanying records had not been checked to verify that the untagged bovine was certified to be free of communicable disease, had not previously been exposed to disease, or that it tested negative for TB. Without performing these additional steps, APHIS lacks the assurance that the rest of the shipment was not exposed to a communicable disease such as TB. Federal regulations<sup>19</sup> state that bovine found to be infected with or exposed to a communicable disease shall be refused entry. In a separate audit,<sup>20</sup> we reported that 75 percent of TB cases detected in the United States over a 5-year period were traced to Mexico. As a result, we concluded that the practice of allowing the remainder of the shipment into the country without confirming the status of the questionable bovine is not in compliance with regulatory requirements.

#### Accountability for Official USDA Seals

Official USDA seals are used to secure conveyance doors to maintain the integrity over restricted animal movements (e.g., immediate slaughter swine from Canada). These seals also signify that the animals included in a particular shipment have passed some type of government inspection. However, we found that seals were not properly accounted for at the sites we visited. We visited five of APHIS' area offices and five ports-of-entry and found that each location maintained and recorded seal inventories in a

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<sup>19</sup> 9 CFR Part 93.426(a), dated February 7, 2003.

<sup>20</sup> OIG Audit Report, 50601-9-CH, APHIS' Control Over the Bovine Tuberculosis Eradication Program, dated September 2006.

different fashion. Consequently, 9 of these 10 locations did not have sufficient documentation for us to fully reconcile the number of seals received, issued, or used. However, we did identify 14,000 USDA seals that could not be accounted for by APHIS' field personnel. We reported this matter to APHIS in our May 1, 2007, Management Alert. In response, APHIS officials stated that they have not received any information on the misuse of official seals. However, they issued an alert to all area offices to immediately reconcile the inventory of seals and increase the security of the seals maintained in the offices. In addition, APHIS responded that they would develop inventory and security procedures for seals and a mechanism for the reporting of inventory discrepancies that are discovered.

### Oversight of Field Operations

APHIS needs to improve its oversight of the re-inspection process, port operations, and implementation of corrective actions in response to recommendations made in prior audits.<sup>21</sup> APHIS has not prescribed controls or procedures in a port operations manual or developed an adequate process to ensure import data quality. Further, APHIS has not timely reviewed, as required, port and slaughter operations to ensure that import controls and established protocols are functioning as intended.

APHIS conducted an internal review of operations at 23 land border ports-of-entry in September 2004.<sup>22</sup> We visited five of the same ports-of-entry as their review team and found that the conditions APHIS reported continue to exist. Similar to APHIS' review, we found that better coordination is needed with CBP officials. In particular, APHIS reported, and we found, that the Temporary Horse Program was ineffective. [

] of the 161 unauthorized live animal shipments that entered the U.S. in FYs 2005 and 2006. Both APHIS' review and our current and prior audits indicated the need for standard operating manuals due to the lack of consistency between port operations.

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<sup>21</sup> OIG Audit Report No. 33501-1-CH, Review of Application Controls for the Import Tracking System, dated March 2005; OIG Audit Report No. 33099-2-HY, APHIS International Programs, dated January 2001; and Audit Report No. 33099-1-HY, APHIS International Programs, dated June 1995.

<sup>22</sup> The recommendations of the review are presented in APHIS Report, Safeguarding Review Action Plan (Draft), dated January 31, 2007.

## **Recommendations In Brief**

We recommended a number of actions to enhance the controls over live animal imports, including:

- Establish an automated system of records to document, track, and report problems with imported animals to key stakeholders;
- Strengthen coordination with CBP at the northern border to ensure that all animal shipments are properly inspected; and
- Amend procedures at the southern border ports-of-entry to help prevent the importation of diseased animals, including holding or rejecting shipments if proof of disease testing is not adequate.

We also recommended that procedures be implemented to ensure that the requirements for restricted animals are met and to institute controls over official USDA seals. Lastly, we recommended that additional controls be established to improve oversight of area offices and port operations and to implement the recommendations from prior audits pertaining to preparing a port manual and performing data checks.

## **Agency Response**

In their responses APHIS and FSIS officials agreed with Recommendations 1, 2, 3, 4, 6, 7, 9, and 11 through 20. In their response APHIS did not agree with Recommendations 5, 8, 10, and 21. We have incorporated applicable portions of both agencies' responses, along with our position, within the Findings and Recommendations section of the report. APHIS and FSIS responses to the official draft report are included in their entirety as exhibits A and B, respectively, of this report.

## **OIG Position**

Based on APHIS and FSIS responses, we have reached management decisions on Recommendations 1, 2, 3, 7, 11, 14, 15, 16, 17, 18, 19, and 20. Management decisions can be reached on Recommendations 4, 5, 6, 8, 9, 10, 12, 13, and 21 once APHIS has provided us with the additional information outlined in the report section, **OIG Position**.

## ***Abbreviations Used in This Report***

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APHIS	Animal and Plant Health Inspection Service
BSE	Bovine Spongiform Encephalopathy
CBP	Customs and Border Protection
CEAH	Center for Epidemiology and Animal Health
CFIA	Canadian Food Inspection Agency
CFR	Code of Federal Regulations
DHS	United States Department of Homeland Security
FSIS	Food Safety and Inspection Service
FY	Fiscal Year
IES	Investigative and Enforcement Services
ITS	Import Tracking System
MRR	Minimum Risk Region
NCIE	APHIS' National Center for Import and Export
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
TB	Bovine Tuberculosis
USDA	United States Department of Agriculture
VS	Veterinary Services
VSPS	Veterinary Services Process Streamlining

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# ***Background and Objective***

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## **Background**

The U.S. Department of Agriculture (USDA) regulates the importation and movement of live animals as well as other animal-derived materials, such as embryos and semen. In 1972, USDA established the Animal and Plant Health Inspection Service (APHIS) to protect and improve the health, quality, and marketability of our Nation's animals.

The Animal Health Protection Act<sup>23</sup> states that the prevention of disease is necessary to protect animal health and the health and welfare of the people of the United States. The Act granted USDA the authority to implement controls over the import, export, and some interstate animal movements. USDA, specifically APHIS, promulgates regulations as needed to prevent the importation and dissemination of animal disease.

Federal regulations<sup>24</sup> list various import requirements according to species and the purpose of the animal's entry (e.g., feeding, immediate slaughter, etc.) for the 85 foreign countries that exported animals to the United States during fiscal years (FY) 2005 or 2006. These requirements are administered by APHIS through 2 regional offices and 41 area offices. Area officials monitor animal health within their jurisdiction, including each port-of-entry. Nationwide there are 37 land border ports-of-entry, 3 animal import centers with quarantine facilities, and 27 ports-of-entry not staffed by a full-time veterinarian.

In addition to APHIS' field personnel, USDA has relied on its veterinary accreditation program for private practitioners to assist Federal veterinarians in controlling animal diseases. APHIS, accredited veterinarians, and State animal health officials work cooperatively to protect and improve the health, quality, and marketability of animals in the United States. Accredited veterinarians perform official functions such as inspecting, testing, and sealing shipments with USDA seals. More than 80 percent of all veterinarians in the United States are accredited.

During FY 2006, imports from Canada and Mexico accounted for 99.9 percent of the live animals imported into the United States. Of the three major species imported each year (see Table 1 on the following page), only bovine are imported from Mexico because of disease concerns with its other animals. In excess of 90 percent of all animal imports originate from Canada and more than 80 percent entered the United States through five northern land border ports-of-entry.

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<sup>23</sup> Animal Health Protection Act, as amended through Public Law 108-498, 7 United States Code 8301, dated December 23, 2004.

<sup>24</sup> Title 9 Code of Federal Regulations (CFR) Part 93, dated July 27, 2006.

<b>TOTAL ANIMALS IMPORTED</b> (in millions)		
	Fiscal Year 2005	Fiscal Year 2006
<b>Total Animals</b>	<b>20.1</b>	<b>20.4</b>
Species:		
Poultry	10.4	9.4
Porcine	8.1	8.6
Bovine	1.5	2.3
Other <sup>25</sup>	0.1	0.1
Purpose:		
Feeding	13.0	14.2
Slaughter	3.4	3.4
Other <sup>26</sup>	3.7	2.8

Table 1 - Source: APHIS' Import Tracking System

### Import Process for Animals

Shipments of live animals from Canada and Mexico are met at the border by personnel from the Department of Homeland Security's (DHS) Customs and Border Protection (CBP). Each shipment includes a "Declaration for Importation" form that is presented to CBP. In accordance with a Memorandum of Agreement with APHIS, CBP officials refer live animal shipments to APHIS for inspection.<sup>27</sup>

The primary responsibility for certifying the import of live animals into the United States resides with APHIS' port personnel. APHIS port-of-entry veterinarians review import documentation, perform a visual inspection of the animals from outside the conveyance or by offloading the animals into pens and then inspecting them. If necessary, APHIS port-of-entry veterinarians secure the doors of the conveyance with official USDA seals. In addition, the conveyance will be sealed with official USDA seals for specified imports as established by APHIS regulations and policies. For example, through regulation<sup>28</sup> APHIS has established that certain shipments be sealed such as bovine from Canada. APHIS also established a policy<sup>29</sup> that shipments of animals from Canada that do not require health certificates be sealed, such as swine going directly to slaughter. Each seal is uniquely numbered, tamper-proof in design, and should be affixed to all conveyance doors to help ensure the integrity of the shipment until it reaches its

<sup>25</sup> Includes bison, caprine (goats), equine (horses), ovine (sheep), exotic animals, and pets.

<sup>26</sup> Includes commercial poultry and egg production/hatching, as well as animals imported for breeding, competition, and pets.

<sup>27</sup> Memorandum of Agreement signed by both Departments' Secretaries on February 28, 2003.

<sup>28</sup> 9 CFR Part 93, dated July 27, 2006, specifies import requirements by animal type and includes pertinent testing requirements.

<sup>29</sup> Veterinary Services (VS) Memorandum 591.15, Importation of Restricted Animals from Canada and Mexico.

destination. Bovine entering the United States from Mexico to a feedlot do not require the use of seals.

Federal regulations<sup>30</sup> list various import requirements according to species and the purpose of the animal's entry (e.g., feeding, immediate slaughter, etc.). In addition, most imports are required to be accompanied by a health certificate. This certificate is a key requirement for animal imports. A licensed veterinarian from the country of origin inspects the animals, then signs the health certificate certifying the health status of the animals and that U.S. import requirements are met. The certificate is then endorsed and sealed by a veterinary official of the exporting government. The most common certification is that the animal(s) to be imported were inspected and determined to be free of communicable disease. APHIS also requires, for example, that imported animals have met certain age or testing requirements.

APHIS coordinates with the Food Safety and Inspection Service (FSIS) at designated slaughter establishments to ensure the proper handling of imported animals. At each slaughter establishment, an FSIS veterinarian inspects the animals and verifies that the import documentation is complete and, if applicable, that official USDA seals are unbroken. Once the animal shipment is unloaded, an FSIS official signs the import documents that accompany the shipment. A copy of the completed import documents are either sent back to the APHIS port-of-entry (if transported directly to a slaughter establishment) or an area office (if transported from a feedlot), to confirm that the shipment was received. APHIS area officials perform semi-annual reviews, called re-inspections, at slaughter establishments to ensure the proper procedures are in place for animals imported for immediate slaughter.

#### Bovine Imported from Canada

APHIS banned the importation of Canadian bovine in May 2003 following the discovery of one case of Bovine Spongiform Encephalopathy (BSE). The detection of one case of BSE in the State of Washington demonstrates the economic impact of importing a single diseased animal. When this case of BSE was detected, other countries quickly closed their borders to the U.S. bovine industry. The estimated economic impact of the loss of the U.S. export market is in the billions of dollars. Three of the largest foreign markets for U.S. bovine are still not entirely open as of December 2007.<sup>31</sup>

The ban on Canadian bovine was lifted after APHIS published its final rule, "BSE: Minimal-Risk Regions and Importation of Commodities," on

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<sup>30</sup> 9 CFR Part 93, dated July 27, 2006.

<sup>31</sup> For example, Japan will only accept products generated from bovine under 20 months of age.

January 4, 2005.<sup>32</sup> The rule, known as the MRR rule, amended regulations regarding the importation of Canadian bovine that present a minimal risk of introducing BSE into the United States; bovine and other ruminants could be imported provided they met certain restrictions.

APHIS port officials inspect and seal shipments of animal imports from Canada; an APHIS Form 17-33, Animals Imported for Immediate Slaughter, or Form 17-130, Ruminants Imported to Designated/Approved Feedlots, is prepared to allow entry into the United States. For bovine imported for immediate slaughter, an FSIS official at the slaughter establishment validates the number of animals arriving for slaughter and signs and returns APHIS Form 17-33 to the APHIS port-of-entry. For bovine imported for feeding, designated feedlot personnel must validate the number of animals arriving at the feedlot and return APHIS Form 17-130 to the port-of-entry. An APHIS official at the port-of-entry is to reconcile the information on APHIS Forms 17-130 and 17-33 to ensure the same number of animals that crossed the border actually arrived at their destination.

Once bovine at feedlots reach a target weight, they are transported to a slaughter establishment. The animals must first be inspected at the feedlot and the conveyance sealed by an accredited veterinarian. An APHIS Form 1-27, Permit for Movement of Restricted Animals, is prepared and accompanies the shipment to the slaughter facility; a copy is also mailed to the APHIS area office. After the bovine are unloaded at the slaughter establishment, an FSIS veterinarian performs a visual inspection, verifies the count, and signs and returns APHIS Form 1-27 to the area office; the form is to be reconciled to the copy sent to APHIS by the accredited veterinarian.

Subsequent to our audit fieldwork, APHIS implemented a new MRR rule, effective November 19, 2007. The new MRR rule now allows all bovine from Canada born after March 1, 1999, to enter the United States. However, the requirements for immediate slaughter bovine from Canada still apply.

#### Bovine Imported from Mexico

Over 1 million bovine were imported from Mexico each year during FYs 2005 and 2006. Due to the long-standing prevalence of Bovine Tuberculosis (TB), as well as other health concerns, APHIS instituted additional import requirements on bovine from Mexico.<sup>33</sup> To enter the United States, the bovine must have a valid health certificate, a blue ear tag, and documents signifying a negative test result for TB. In addition, the bovine are physically inspected for ticks and dipped in an anti-tick solution at the port-of-entry to prevent the spread of disease to feedlots and farms in the United States.

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<sup>32</sup> Due to court injunctions and proceedings, the border remained closed to Canadian bovine until July 2005.

<sup>33</sup> 9 CFR Parts 93.406 and 93.424 through 93.429, dated July 27, 2006, and VS Notice No. 06-08, Bovine Tuberculosis Testing Requirements for the Importation of Mexican Cattle, dated September 8, 2006.

## Homeland Security and Investigative Activities

Homeland Security Presidential Directive 9 established a national policy to protect the agriculture and food system from terrorist attacks, major disasters, and other emergencies by: (a) identifying and prioritizing sector-critical infrastructure and key resources for establishing protection requirements; (b) developing awareness and early warning capabilities to recognize threats; (c) mitigating vulnerabilities at critical production and processing nodes; (d) enhancing screening procedures for domestic and imported products; and (e) enhancing response and recovery procedures.<sup>34</sup>

APHIS uses its Investigative and Enforcement Services (IES) to conduct reviews of potential import violations. Regulated animal health issues that are identified at ports-of-entry or reported to APHIS' area offices are referred to IES. The IES has staff located at APHIS' Headquarters, regional offices, and local offices/residences to investigate non-compliance issues. An IES quarterly report, with updated case information, is issued to APHIS regional officials.

### **Objective**

The objective of the audit was to evaluate USDA's controls over the importation and movement of live animals.

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<sup>34</sup> Homeland Security Presidential Directive 9, Defense of United States Agriculture and Food, dated January 30, 2004.

# **Findings and Recommendations**

## **Section 1. Controls were not Sufficient to Prevent or Detect Unauthorized Imports of Live Animals**

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During FY 2006, imports from Canada and Mexico accounted for 99.9 percent of the over 20 million live animals imported into the United States. APHIS' import controls are not sufficient to prevent, detect, or address the entry of animals that do not meet import requirements. We identified 113 Canadian health certificates used to import over 7,000 bovine that did not accurately represent the health, age, or identification of 211 bovine imported for slaughter. APHIS relies on country of origin health certificates certifying the animals' health condition, age, and/or other import requirements. APHIS does not have adequate processes in place to determine the extent of import problems nationwide when individual violations are identified by field units. As a result, neither we nor APHIS can determine whether the individual problems detected represent a larger systemic noncompliance that needs to be addressed by agency inspection personnel or by the country of origin.

APHIS does not have effective systems or controls for approving and/or tracking live animals into and through the United States. APHIS relies on a manual (paper) process to account for and track the movement of live animals to their final destination. At the northern border, at least 161 animal shipments gained unauthorized entry into the United States during FYs 2005 and 2006. APHIS port officials do not have access to DHS' CBP automated data systems to track imports of live animals to ensure that they are inspected before entering the United States. APHIS has not developed an automated tracking system to track the movement of restricted live animals to slaughter establishments. We identified 436 feeder bovine and almost 9,000 immediate slaughter swine reported on import documents that did not reach slaughter establishments. At the southern border, despite having an animal population more susceptible to diseases such as Bovine Tuberculosis (TB), import problems noted by APHIS port officials are resolved at the local level and are not accumulated and analyzed to determine whether problems represent a pattern, or whether further investigative actions are needed.

Whereas APHIS officials were unaware of the extent of import problems we identified relating to Canadian bovine, an APHIS review of land border operations in September 2004 identified some areas similar to those identified in our work that are in need of improvement. In response to their own internal review, APHIS drafted an action plan that concluded that better coordination was needed with CBP, and that the Temporary Horse Program be revised because it was ineffective. [ ] of the 161 unauthorized shipments allowed into the U.S. during FYs 2005 and 2006. However, the action plan has not been implemented as of December 2007.

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**Finding 1****Increased Inspection Efforts Needed for Import Restrictions**

APHIS does not have sufficient controls to prevent, detect, or resolve non-compliance with import requirements. We identified at least 211 bovine that did not meet import requirements. APHIS relied on health certifications by Canadian veterinarians to ensure imported bovine met restrictions under the MRR rule.<sup>35</sup> According to APHIS officials, additional controls are not needed because Canada has an effective veterinary infrastructure and a history of not exporting diseased animals to the United States. However, these problems were not isolated occurrences because they involved at least 52 different Canadian veterinarians and 40 Canadian Food Inspection Agency (CFIA)<sup>36</sup> officials. APHIS does not have processes in place to collectively analyze import noncompliance or follow up with CFIA officials to determine if corrective actions are needed.

The Animal Health Protection Act<sup>37</sup> states that the prevention of disease is necessary to protect animal health and the health and welfare of the people of the United States. APHIS published regulations<sup>38</sup> specifying import requirements that vary depending on the exporting country, animal species, and reason for import. In July 2005, the border with Canada re-opened for bovine provided the requirements in the MRR rule<sup>35</sup> were met. Under the MRR rule, bovine from Canada must be individually identified, not be pregnant, and be slaughtered before reaching 30 months of age. Canada's animal health certificate, which accompanies every shipment, contains certification that the bovine were inspected, the age determined, and pregnancy status verified.

Based on our visits to [ ] northern land border ports-of-entry, two bovine slaughter establishments, and two feedlots, we found bovine entered the United States that did not meet import requirements. Inspections of imported animals by accredited veterinarians at feedlots and/or FSIS veterinarians at slaughter establishments disclosed, that the Canadian health certificates had the incorrect age, pregnancy status, or identification for 211 bovine. During FY 2006, nearly 1.1 million bovine were imported to the United States based on health certificates issued by the CFIA.

#### Questionable Bovine Health Certificates

We were notified of problems with Canadian health certificates by a feedlot owner, who had Canadian bovine over 30 months of age, in violation of the

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<sup>35</sup> Final rule was published on January 4, 2005, in the Federal Register, Volume 70, Number 460.

<sup>36</sup> CFIA is APHIS' counterpart in charge of animal health and regulating imports and exports.

<sup>37</sup> Animal Health Protection Act, as amended by Public Law 108-498, 7 United States Code 8301, dated December 23, 2004.

<sup>38</sup> 9 CFR Part 93, dated July 27, 2006.

MRR rule. In addition to the problems at the feedlot, we identified other instances of noncompliance with import requirements from various sources including area offices, slaughter establishments, FSIS personnel, and IES' case files.

We identified 145<sup>39</sup> indications of noncompliance with the MRR rule. Our review of import documentation and health certificates disclosed 113 cases of noncompliance because the health certificates reported the incorrect age, pregnancy status, or identification of the live animals. There were 56 health certificates for 85 pregnant bovine imported for immediate slaughter, and 50 health certificates for 105 bovine with ages (as determined by an accredited veterinarian) that exceeded the 30 month age restriction. We also identified 7 other health certificates that had missing or incorrect animal identification for 21 bovine.

We found that feedlot personnel and FSIS officials at bovine slaughter establishments detected over-age bovine even though they did not have routine procedures to do so. Personnel at 15 of the 17 feedlots we contacted stated that they relied on the Canadian health certificate to determine bovine age. Of the two feedlots that did verify bovine age, one of them identified several bovine over 30 months of age. FSIS implemented procedures<sup>40</sup> that stated hands-on dentition<sup>41</sup> was not to be used to determine the adequacy of the Canadian health certificates. However, we found that FSIS still detected over-age bovine at slaughter because there were obvious cases in which the bovine appeared larger and/or older.

#### Import Problems Were Not Consistently Addressed

We had difficulty assessing the significance of import noncompliance because the problems detected were not centrally accumulated or analyzed, and were addressed only by local officials. This process does not ensure problems are consistently handled or communicated to APHIS management. The absence of an automated system or organized approach to analyzing import noncompliance impaired our ability to determine if the problems we identified were part of a larger systemic pattern. Additionally, APHIS management had no information to answer this question; they continually referred us to local area or IES officials to obtain more information on import noncompliance issues.

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<sup>39</sup> The 145 violations included 113 cases due to age, pregnancy, and incorrect identification on the health certificates. The remaining 32 cases were comprised of the following: 17 cases were moved without required documentation, 6 cases were over age because the feedlot kept them past 30 months, 1 case involved misbranding, and 8 cases involved pregnant animals where it could not be determined where the animals became pregnant.

<sup>40</sup> FSIS Notice 14-07 (This notice updated procedures formerly in FSIS Notice 15-05), dated February 26, 2007.

<sup>41</sup> Physical examination of bovine teeth to determine age by the first appearance of the incisors.

Procedures state that if there is reason to believe noncompliance exists, an investigation by IES should be requested and APHIS Headquarters should be notified.<sup>42</sup> However, we identified multiple cases of noncompliance that were not referred for investigation. For each import problem, APHIS' personnel at the port-of-entry or the Area Veterinarian-in-Charge decided whether or not the situation should be referred to IES and communicated to Headquarters. For example, area officials in two States did not notify IES or APHIS Headquarters when they became aware of 47 pregnant bovine found at slaughter. While one area official stated that they referred 27 instances of pregnant bovine to their regional office for action, another area official stated that the 20 instances of pregnant bovine found in their State were not referred because they were not aware of the requirement to do so.

Our review also found that APHIS officials did not sufficiently document import problems and, as a result, we were frequently referred to other sources such as IES or the slaughter establishment for details. This occurred because their investigation referral process was informal, conducted through either a telephone call or an e-mail, and records were not maintained of the problems. For 27 of the 47 pregnant bovine discussed above, we had to contact three different sources (APHIS' area office, FSIS, and slaughter establishment personnel) to obtain sufficient records to review these problems.

IES officials provide quarterly reports to APHIS regional officials of all ongoing investigations from their automated case tracking system. However, these reports are not analyzed by regional officials for trends or ongoing problems, or reviewed by APHIS' Headquarters officials.

#### Communication to Key Stakeholders

We communicated these problems to APHIS Headquarters officials. They stated that they were unaware of the extent of the problems we identified. They also stated that they were only aware of a "few" cases<sup>43</sup> of noncompliance with the MRR rule that were referred to IES in calendar year 2005, and one case in March 2007. Because APHIS management was not aware of the extent of the problems, they had not established additional controls to mitigate the weaknesses. In addition, these matters were not communicated to other stakeholders, such as FSIS or CFIA officials, for their consideration or assistance to prevent or detect ineligible bovine from entering the United States.

In discussions with APHIS officials about the lack of controls over animals from Canada, they stated that controls have not been added because this area has historically proven to be low risk and that Canada has an effective animal

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<sup>42</sup> VS Memorandum No. 591.64, Procedures for the Importation of Cattle, Bison, Sheep, and Goats from Canada, Sections XII.B and XIV.E.

<sup>43</sup> One IES case number could reflect multiple referrals for investigation.

health and veterinary system. While APHIS officials have performed two reviews in Canada<sup>44</sup> to assess the risk of BSE, they had not conducted periodic program reviews of Canada's export operations.

We issued a Management Alert to APHIS and FSIS officials on May 1, 2007, with recommendations for immediate corrective action. At that time, they informed us that they would initiate actions to evaluate these matters. APHIS assembled a working group to determine the extent of health certificate errors. On November 27, 2007, APHIS provided OIG with the working group's conclusions. Overall, the working group determined that most of the concerns they identified could be corrected with uniform and consistent implementation of guidelines and improved communication protocols.

After our field work, APHIS implemented a new MRR rule, effective November 19, 2007. The new MRR rule now allows all bovine born after March 1, 1999, to be imported to the United States. However, the problems we found during this audit raise concerns with APHIS' controls over live animal imports and whether the controls are adequate to ensure compliance with import restrictions, and whether the problems identified represent a larger systemic pattern that needs to be addressed by agency inspection personnel or the country of origin.

## **Recommendation 1**

Compile and analyze information from area officials, FSIS, and IES' open and closed cases to identify the extent of all health certificate issues.

### **Agency Response**

In response to our Management Alert, APHIS officials established a working group of experts from APHIS and FSIS that compiled and analyzed information from area officials, FSIS, and IES' open and closed cases to identify the extent of health certificate issues. In response to this report, APHIS officials stated that they agreed with our recommendation and will develop a plan to provide FSIS and IES data directly to APHIS' National Center for Import and Export (NCIE) for analysis. The reporting system will be developed by June 30, 2008.

### **OIG Position**

We accept APHIS' management decision. For final action, provide the OCFO with a copy of the procedures for the new reporting system, including how NCIE will analyze the information, and a copy of the first report that is provided to NCIE.

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<sup>44</sup> APHIS Reports, Analysis of Risk—Update for the Final Rule: Bovine Spongiform Encephalopathy; Minimal Risk Regions and Importation of Commodities, dated December 2004, and Assessment of Bovine Spongiform Encephalopathy (BSE) Risks Associated with the Importation of Certain Commodities from BSE Minimal Risk Regions (Canada), dated October 2006.

## **Recommendation 2**

Communicate noncompliance with United States import policies to FSIS and CFIA, and coordinate efforts with CFIA to prevent additional import problems.

### **Agency Response**

In response to our Management Alert, APHIS officials established a working group of experts from APHIS and FSIS to review how problems with live animal imports were being communicated between the agencies and CFIA. In response to this report, APHIS officials stated that they agreed with our recommendation and they will maintain a tracking sheet of violations and use it to assess trends with importers and exporters. On a monthly basis, APHIS will provide the results of that analysis to CFIA officials. The first submission to CFIA will occur by April 30, 2008.

### **OIG Position**

We accept APHIS' management decision. For final action, provide the OCFO with the procedures APHIS will use to track and analyze noncompliance issues and communicate the analysis to FSIS and CFIA officials, and a copy of the first report submitted to CFIA.

## **Recommendation 3**

Implement procedures at slaughter establishments to perform random dentition checks of bovine from Canada to ensure compliance with import requirements.

### **Agency Response**

In response to our management alert, dated May 14, 2007, FSIS' officials stated that they will conduct a census of slaughter establishment officials regarding the certifications of age received with shipments of Canadian cattle. In their response to this report, FSIS officials stated that APHIS' implementation of a final rule, dated September 18, 2007, eliminated the age restriction (30 months) on Canadian cattle. As a result, there remains no need to continue the census or sample dentition. FSIS officials also stated that they will continue to notify APHIS of imported cattle of questionable eligibility, and control specified risk materials in Canadian and domestic cattle.

### **OIG Position**

We accept FSIS' management decision. No further action is necessary.

## **Recommendation 4**

Establish an automated system of records to document, track, and report problems with imported animals to key stakeholders. In addition, periodically review these results in order to determine the development of any nationwide trends.

### **Agency Response**

In APHIS' response, they stated that they agreed with our recommendation and they are establishing a development team to identify what system of records would be included in the new import module of the VSPPS computer system to document and analyze problems found with imported animals. The import module is expected to be completed by September 30, 2009.

### **OIG Position**

In order to reach management decision, APHIS needs to provide us with a description of how the import module of VSPPS will be used to track and report import problems, and the process they will use to periodically review these results to identify nationwide trends.

## **Recommendation 5**

Develop and implement procedures to perform periodic reviews of Canada's export operations.

### **Agency Response**

APHIS' response stated that Canada and the United States have many of the same animal diseases, and they have performed reviews related to specific animal diseases in that country when they occur. During such a review, the veterinary infrastructure, laboratory practices, infected herd management and surveillance activities are thoroughly reviewed. Based on such reviews and close working relationship with CFIA officials, APHIS stated that they did not believe it necessary to develop additional procedures to perform specific reviews of Canada's export operations.

### **OIG Position**

As noted in Finding 1, APHIS officials did perform specific assessments in Canada related to BSE. However, those assessments were in response to a specific animal disease problem and were not a periodic review of Canada's overall animal health system. In particular, those assessments did not include a review of all animal types or Canada's export operations. In order to reach

management decision, APHIS needs to provide a course of action that will provide periodic oversight/monitoring to ensure that the United States can rely upon Canada's animal health certifications.

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## Finding 2

### Enhanced Animal Surveillance is Needed at the Northern Border

APHIS has not obtained access to CBP's Automated Targeting System<sup>45</sup> to track animals that have entered the United States for inspection nor have they verified that all live imported animals have been inspected. APHIS port officials rely on CBP to refer live animal shipments to them for inspection, as well as compliance by transporters. We found that APHIS port officials did not inspect 161 shipments of animals when they entered the United States. Because APHIS does not track animals arriving at ports-of-entry, it cannot be determined whether other shipments have bypassed inspection or whether this is a systemic problem.

A Memorandum of Agreement between USDA and DHS' CBP<sup>46</sup> specifies the process for coordinating the entry and inspection of imported animals. APHIS port veterinarians rely on DHS officials to refer<sup>47</sup> all animal shipments for inspection. The only exception to this process relates to Canadian horses that will only be in the United States for 30 days or less. DHS can authorize the entry of these horses without referring them to APHIS for inspection.<sup>48</sup>

We found animal import procedures were not sufficient to prevent unauthorized shipments into the United States. Through discussions with port and IES officials, and our review of IES cases, we confirmed that 161 animal shipments gained unauthorized entry during FYs 2005 and 2006. Although the number of shipments being investigated is less than 1 percent of the 55,000 animal shipments inspected, we found that APHIS has no process to coordinate or confirm with CBP that all animal shipments stopped for inspection.

#### Port Configurations Not Conducive to Prevent Unauthorized Access

Our observations at [ ] ports-of-entry found that the border gate, where CBP officials allow an animal shipment initial entry, and the APHIS inspection area are not always co-located. APHIS' animal

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<sup>45</sup> The Automated Targeting System is an Intranet-based enforcement and decision support tool that allows CBP officials to focus their efforts on travelers and cargo shipments that warrant greater scrutiny. The Automated Targeting System also contains information on animal and animal product shipments that are approaching the United States.

<sup>46</sup> Memorandum of Agreement between the United States Department of Homeland Security and the United States Department of Agriculture, USDA-APHIS Agreement No. 03-1001-0382-MU, dated February 28, 2003, Article 2(f).

<sup>47</sup> The Memorandum of Agreement did not specify the method of referral.

<sup>48</sup> 9 CFR 93.317, dated October 28, 1997.

inspection areas can be within several hundred feet or up to several miles away from the actual CBP border gate. At [ ] APHIS' animal inspection area is located [

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Trucks are able to bypass inspection even when the APHIS inspection area is in close proximity to the border gate. At the [ ] port-of-entry, APHIS officials are located [

.]

APHIS officials informed us that they were aware of at least 8 animal shipments [ ] FY 2006. However, if imports are not properly tracked from entry into the United States, there is an increased risk that additional animal shipments have bypassed inspection.

#### Horse Shipments Did Not Stop for Inspection

APHIS officials at [ ] ports-of-entry informed us about horses from Canada that were not inspected. An APHIS port official stated that horses from Canada can be imported under “temporary” (30 days or less) authorizations, which are not subject to APHIS inspection, or under a “permanent” authorization that requires an APHIS inspection. Our review of IES cases for FYs 2005 and 2006, found that [

] the required inspection at the port-of-entry. The horse shipments were allowed into the United States by CBP officials under APHIS' “temporary” requirements, even though these shipments did not meet the criteria to be considered a temporary entry. An APHIS port official stated that CBP officials were not clear as to the import requirements for horses from Canada and, as a result, did not direct those shipments to stop for inspection.

During our visit to a regional office, we were provided a draft version of APHIS' Safeguarding Review Action Plan – Animal Import Land Border

Point of Entry.<sup>49</sup> The Action Plan was the result of reviews conducted by APHIS at 23 land border ports-of-entry, and it recommends improvements that would resolve 7 of the 152 recommendations in the Animal Health Safeguarding Review published in November 2001.<sup>50</sup> The Action Plan concluded that better coordination was needed with CBP, and that the current Temporary Horse Program (for horses staying 30 days or less) be revised because it was ineffective, encourages fraud by some importers to avoid user fees, and has a negative impact on disease exclusion and detection efforts. APHIS officials could not explain why corrective actions were not taken.

APHIS needs to develop processes and systems to track live animal shipments that cross the border, including obtaining access to CBP's Automated Targeting System pending implementation of their planned Veterinary Services Process Streamlining (VSPPS) system.

## **Recommendation 6**

Establish better coordination with CBP officials at the northern border to ensure that all animal shipments are properly inspected. Develop an interim process for tracking live animal imports entering the United States.

### **Agency Response**

In their response APHIS officials stated that they agreed with our recommendation and they will work with CBP to develop guidance/policy that would document how communication should occur between USDA and CBP port officials. Their response also stated that, at the local level, there is coordination between USDA and CBP port officials, but they will pursue the development of policy at the National level. Finally, their response acknowledged that CBP did have a database system which captures entry information.

### **OIG Position**

We agree that APHIS needs to establish a written policy between APHIS and CBP to coordinate shipments entering the United States. However, our visits at the local level (e.g., ports-of-entry) did not disclose the level of coordination mentioned in APHIS' response. Under the current system, APHIS port-of-entry officials were not notified of all incoming shipments and not every shipment was inspected. In order to reach management decision, APHIS needs to provide a response that describes how the new policy will enable APHIS to receive notification of animal shipments from

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<sup>49</sup> APHIS Report, Safeguarding Review Action Plan (Draft), dated January 31, 2007.

<sup>50</sup> According to APHIS' website, "safeguarding" is an integrated system for preventing, detecting, and appropriately responding to adverse animal health events. The Animal Health Safeguarding Review was a comprehensive study to assess the performance and efficiency of the existing safeguarding system, and it proposed specific recommendations on how to optimize that system.

CBP. In addition, the response should also describe the process APHIS intends to use on an interim basis, such as the use of CBP's import database system, until the new VSPS import module is implemented.

## **Recommendation 7**

Issue instructions to CBP officials stating the requirements and related procedures for horses imported from Canada under a temporary authorization.

### **Agency Response**

The response stated that APHIS officials will issue instructions to CBP port officials detailing the requirements and related procedures for horses imported from Canada under a temporary authorization. The new instructions will be issued by May 30, 2008.

### **OIG Position**

We accept APHIS' management decision. For final action, provide the OCFO with the new instructions that were issued to CBP.

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## **Finding 3**

### **Better Controls are Needed to Ensure Imported Animals Reach Slaughter Establishments**

Restricted animal imports, such as feeder bovine and immediate slaughter swine from Canada, require additional controls to prevent the introduction or dissemination of diseases that could affect the domestic herds. APHIS officials, however, did not ensure all restricted bovine or swine arrived at an approved slaughter establishment. In addition, APHIS officials did not take action when swine count discrepancies were disclosed by six slaughter establishments. APHIS did not have a process in place to track the movement and reconcile live animals entering the country to slaughter. As a result, they could not demonstrate that 436 feeder bovine and almost 9,000 swine from Canada were slaughtered.

Under the MRR rule,<sup>51</sup> imports of bovine can go directly to slaughter or to a feedlot and then to slaughter. Feeder bovine from Canada must remain at a feedlot until moved directly to an approved slaughter establishment. When feeder bovine are sent to slaughter, feedlot personnel are required to identify individual bovine on transport documentation that must be reviewed and certified by an accredited veterinarian. This documentation accompanies the shipment and a copy is also provided to the APHIS area office. The

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<sup>51</sup> Final rule was published on January 4, 2005, in the Federal Register, Volume 70, Number 460.

restrictions on immediate slaughter swine from Canada require that shipments be visually inspected, sealed, transported directly to slaughter, and slaughtered within two weeks.<sup>52</sup> Once feeder bovine or immediate slaughter swine from Canada arrive at a slaughter establishment, FSIS personnel complete the APHIS Forms (1-27 for feeders or 17-33 for immediate slaughter) by confirming the shipment's contents, and returning APHIS Form 1-27 for feeder bovine to APHIS area officials, and APHIS Form 17-33 to the port officials for both bovine and swine that were transported directly to slaughter. The area or port officials are to manually match (or reconcile) the returned forms to the import documents they maintain to determine if shipments have timely arrived at their intended destination.

### Feeder Bovine from Canada

Feeder bovine imported from Canada, which included over 300,000 feeders during FY 2006, were designated as restricted animals after the detection of BSE.<sup>51</sup> APHIS officials established controls for feeder bovine from Canada, as described above. However, we found that APHIS area officials did not ensure all bovine were transported to a slaughter establishment. APHIS area office and port officials did not reconcile import documentation to APHIS Forms 1-27 and 17-33 to ensure that all bovine eventually reached slaughter establishments.

APHIS has a two step process to ensure that imported feeder bovine actually arrive at the slaughter establishment. First, APHIS port officials are required to reconcile with the feedlots that imported bovine arrived there within 14 days.<sup>53</sup> Second, feedlots are to document the disposition of bovine imported from Canada that are eventually sent to slaughter through a notification (APHIS Form 1-27) sent to an APHIS area office.<sup>54</sup> Our review of APHIS' first step of the process did not find any discrepancies in what was imported to a feedlot. However, the same was not true for APHIS' process to track bovine from a feedlot to a slaughter establishment.

Our review of APHIS' process to track bovine from a feedlot to the slaughter establishment found that area officials did not receive sufficient documentation to reconcile bovine shipments. We identified feeder bovine from Canada that were never sent to slaughter because, as noted on the addendums to the transport documents (APHIS Form 1-27), they were listed as having died at the feedlot. Although feedlots provided APHIS area offices with the APHIS Form 1-27, they did not provide APHIS the detailed

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<sup>52</sup> 9 CFR 93.517(b), dated April 17, 2003, and 9 CFR 93.518, dated October 28, 1997, and VS Memorandum 591.15, Importation of Restricted Animals from Canada and Mexico, dated March 9, 1994.

<sup>53</sup> VS Memorandum No. 591.64, Procedures for the Importation of Cattle, Bison, Sheep, and Goats from Canada, section V.H.

<sup>54</sup> APHIS published instructions titled "Importation of Bovines from Canada for Feeding" which were addressed to Feedlot Owners and Operators and Other Interested Parties, and instructions titled "BSE Minimal-Risk Regions and the Importation of Live Animals" that were addressed to Accredited Veterinarians and Other Interested Parties.

addendums that noted that the bovine had died. We reviewed the addendums to the APHIS Form 1-27 received by 2 slaughter establishments for a 3-month period and identified 362 bovine were listed as “dead” by the 35 feedlots that supplied those establishments. As a result, APHIS area officials did not account for bovine imported for slaughter.

Under the MRR rule,<sup>55</sup> bovine from Canada were supposed to remain at a feedlot until transported to a slaughter establishment. We found that there were no procedures in place for APHIS personnel to perform a complete reconciliation of animals sent from the feedlot to slaughter. APHIS relied on its accredited veterinarians at feedlots to inspect and seal bovine shipments prior to transport to slaughter.

At one area office, we attempted to compare the number of feeder bovine imported from Canada to the number shipped to slaughter establishments. We determined that the area office did not receive sufficient documentation from the feedlots or the slaughter establishments to account for the imported bovine. Our review of documents at two feedlots, located in the same State as that area office, disclosed that a comparison between the number of bovine received and shipped was possible. We identified 74 bovine (in addition to the 362 bovine identified earlier) that had died, either in transit or at those feedlots. Our discussions with two accredited veterinarians confirmed that those bovine were either buried on the feedlots’ premises or sent to a rendering facility. In addition, area officials did not coordinate with port officials to reconcile what was delivered to slaughter to what was imported.

Subsequent to our audit, APHIS implemented a new MRR rule that eliminated the requirements for feeder bovine from Canada. However, the problems with APHIS’ ability to track restricted animals to their final destination still exist.<sup>56</sup>

### Immediate Slaughter Swine from Canada

The restrictions on immediate slaughter swine from Canada require that shipments be visually inspected, sealed, transported directly to slaughter and slaughtered within two weeks.<sup>57</sup> Our visit to [ ] port-of-entry, which accounted for almost half of the 2.4 million immediate slaughter swine imported from Canada during FY 2006, found that APHIS port officials did not ensure all swine arrived at the designated slaughter establishments. This occurred even though FSIS officials reported that the number of swine offloaded was different than what was stated on the import documents. We

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<sup>55</sup> Final rule was published on January 4, 2005, in the Federal Register, Volume 70, Number 460.

<sup>56</sup> Final rule (amended) was published on September 18, 2007, in the Federal Register, Volume 72, Number 180.

<sup>57</sup> 9 CFR 93.517(b), dated April 17, 2003, and 9 CFR 93.518, dated October 28, 1997, and VS Memorandum 591.15, Importation of Restricted Animals from Canada and Mexico, dated March 9, 1994.

found a swine count discrepancy of nearly 9,000 animals within a 4-month period that was reported by 6 slaughter establishments.

In a discussion with an APHIS regional official, we found that even though swine count discrepancies were reported as far back as 2005, they did not view tracking swine a priority. As a result, they did not ensure port staff were tracking swine or that action was taken when discrepancies in swine counts were reported by FSIS officials. An APHIS Headquarters official stated that they were not aware of such a large discrepancy in swine counts, but that it probably occurred because the exporter listed the wrong number of animals on the import document. This same official also stated that there were no health concerns because swine from Canada do not pose a serious risk for importing disease.

APHIS recognizes the need to develop automated controls over its live animal import process. It is developing the Veterinary Services Process Streamlining (VSPS) system, which is expected to replace existing manual, paper-oriented processes. VSPS is expected to provide a more comprehensive tool for animal tracking and disease analysis that, in turn, would allow APHIS to respond more quickly to any threats to animal health in the United States. However, the live animal import module of VSPS has already been delayed for more than two years due to other agency priorities, and it is not anticipated to be completed before September 2008. Until this system is fully implemented, interim actions need to be taken to strengthen controls and to track the movement of live animals into and through the United States.

## **Recommendation 8**

Establish and implement procedures for reconciling all imported restricted animals and forward any discrepancies documented by FSIS officials to area and regional offices for further analysis.

### **Agency Response**

In their response APHIS officials stated that they had taken action on the inaccurate counts of swine from Canada imported for immediate slaughter. The discrepancies in the inaccurate counts of swine reported by FSIS officials at the slaughter establishments were due to estimated counts being documented on the import forms by the Canadian exporters. Based on industry practices, swine are loaded in large groups, not singly, and it is difficult to get an accurate count. In addition, there was no evidence of tampering (i.e., no broken seals) with those swine shipments and they concluded there was no animal health risk. In regards to bovine from Canada, imported for immediate slaughter, APHIS revised the annex page of the health certificate for the shipper to list the exact number of bovine on a shipment.

### **OIG Position**

We do not see this as an inaccurate count issue for swine, but as a control weakness over restricted animals. The animals are restricted because they are untested and at greater risk of carrying disease across the border. In the event of a swine disease outbreak, APHIS would not be able to successfully track down every animal since the import documents would have only listed estimated counts of swine. In order to reach management decision, APHIS needs to provide a response that includes the procedures, and date of implementation, to reconcile all imported restricted animals and forward any discrepancies documented by FSIS officials to APHIS area and regional offices for further analysis.

### **Recommendation 9**

Establish and implement procedures to periodically analyze discrepancies identified by the animal import reconciliation process for trends or other problems with restricted animals. Determine whether these problems are systemic and require other actions by port personnel or the country of origin.

### **Agency Response**

In their response APHIS officials stated that such procedures have been established. APHIS officials recently developed and will maintain tracking sheets of all non-compliance issues reported and use it to assess whether trends exist. This will also serve as a summary report which will be provided to CFIA officials. The first submission of this report will take place by April 30, 2008.

### **OIG Position**

We suggested this action in conjunction with Recommendation 8 and based it on APHIS' implementation of a reconciliation process for restricted animals. In order to reach management decision, APHIS needs to provide a course of action, and an implementation date, that will reconcile/track imported restricted animals and establish a method to analyze those reconciliations to identify trends and implement appropriate corrective actions.

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**Finding 4****Additional Steps are Needed at the Mexico Border to Prevent the Importation of Diseased or Unhealthy Bovine**

APHIS' controls at the United States-Mexico border should be strengthened to prevent the importation of diseased bovine. We confirmed with APHIS officials that bovine are routinely rejected for health concerns at all southern ports-of-entry. However, the reasons that animals are rejected are not accumulated, analyzed, or communicated outside of each individual port-of-entry or back to Mexico's animal health officials for corrective actions. APHIS officials stated that they did not consider the issues occurring at the southern border to pose a serious health risk. As a result, at one port-of-entry, we observed that 1.5 percent of the bovine presented for import were rejected for specific health concerns, including one bovine that was not checked by APHIS for evidence of a negative TB test.

Federal regulations<sup>58</sup> require bovine from Mexico to be free of communicable or infectious diseases prior to import. Accordingly, regulations also prohibit the entry of bovine from Mexico that are part of a herd or shipment that tested positive for TB. Because TB is a contagious disease with no known cure for bovine, the entire shipment must be refused entry until every animal in that shipment achieves TB-free status and meets other applicable requirements. As part of these other requirements, individual bovine must be identified with a blue ear tag and be documented as negative on the TB test records that are to be included with the shipment's transportation documents.

During FY 2006, over one million bovine were imported from Mexico. In a previous audit,<sup>59</sup> we reported that 75 percent of the bovine infected with TB found in the United States were imported from Mexico. We also previously reported that bovine imported from Mexico spent up to 14 months at United States farms before going to slaughter, with each case of TB potentially spreading the disease during that time.

At [ ] United States-Mexico border port-of-entry, we observed a port official reject a single bovine from a shipment because it lacked the blue ear tag, which is evidence of a negative test for TB. However, the rest of the bovine in that shipment were allowed into the United States even though the untagged bovine was not inspected, nor had the accompanying records been checked to verify that the untagged bovine was certified to be free of communicable disease, had not previously been exposed to disease, or that the bovine had tested negative for TB. Without performing these additional

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<sup>58</sup> 9 CFR 93.426(a) and 93.427(c), dated March 2, 2004, and VS Notice No. 06-08, Bovine Tuberculosis Testing Requirements for the Importation of Mexican Cattle, dated September 8, 2006.

<sup>59</sup> OIG Audit Report, 50601-9-CH, APHIS' Control Over the Bovine Tuberculosis Eradication Program, dated September 2006.

steps, APHIS has reduced assurance that the rest of the shipment was not exposed to a communicable disease such as TB. Federal regulations<sup>60</sup> state that bovine found to be infected with or exposed to a communicable disease shall be refused entry. We concluded that the practice of allowing the remainder of the shipment into the country without confirming the status of the questionable bovine is not in compliance with regulatory requirements.

We also observed bovine from Mexico being rejected at the port-of-entry for other animal health issues. In total, we observed 25 of 1,586 (1.5 percent) bovine being rejected from 8 shipments due to various other health concerns, such as excessive warts, lameness, or infection. An APHIS port official stated that bovine from Mexico are rejected for animal health concerns on a routine basis. We found that port officials do not periodically summarize the results of their inspection findings or the reasons for refusing entry. They also do not amend the import documents to identify which bovine are rejected due to health concerns.

An APHIS regional official informed us that the procedures identified at the southern border port-of-entry we visited were followed at all ports-of-entry with Mexico. We concluded that APHIS management needs to implement additional procedures to minimize the risk of importing diseased animals. Specifically, port officials at the southern border should be required to review transport documents to confirm TB tests have been done when the blue ear tag is absent. If the bovine's TB status cannot be determined, then that shipment of bovine should not be allowed into the United States. In addition, port officials should be required to document and report in an automated system the reasons for rejected bovine for subsequent analysis and actions by APHIS officials and Mexican animal health agency personnel.

## **Recommendation 10**

Reject the entire shipment from entry into the United States, if port officials cannot confirm that the animals tested negative for diseases such as TB.

### **Agency Response**

In their response APHIS officials stated that the most important information to assess the status of an animal for TB is the status of the herd of origin. In addition, APHIS officials stated that they had implemented strenuous TB testing requirements of herds of origin from Mexico. Individual animals are rejected, but not the entire shipment, because individual animals may lose their identification tag or their health records may not be properly filled out.

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<sup>60</sup> 9 CFR 93.426(a), dated February 7, 2003.

Also, due to the established negative status of the herd of origin, the risk of that animal testing positive for TB and exposing other animals in that shipment is very low.

### **OIG Position**

APHIS continues to spend resources each year on the eradication of bovine diseases, such as TB and Brucellosis, which are prevalent in Mexico. In a previous audit,<sup>61</sup> we reported that 75 percent of the bovine infected with TB found in the United States were imported from Mexico. If the bovine's identification is missing and/or the certifications are not properly filled out, there is reduced assurance that the bovine presented for import were not exposed to, or infected with a disease. If a blue ear tag was missing, APHIS port-of-entry officials could review the secondary identification attached to each animal to confirm the bovine's health status. To achieve management decision, APHIS needs to enforce its own regulation by instructing their field staff to review animal documentation on TB testing if a blue ear tag is missing and reject the entire herd if assurance cannot be provided.

### **Recommendation 11**

Implement procedures at the southern border ports-of-entry to require port officials to amend import documents to reflect only those animals that are allowed to enter the United States.

### **Agency Response**

In their response APHIS officials stated that they agreed with our recommendation and they will establish a new protocol for inspection procedures at the ports-of-entry with Mexico to amend the import documents to reflect only those animals that were allowed into the United States. This protocol should be finalized by April 30, 2008.

### **OIG Position**

We accept APHIS' management decision. For final action, provide the OCFO with a copy of the new protocol to amend import documents to reflect only those animals allowed in the United States.

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<sup>61</sup> OIG Audit Report, 50601-9-CH, APHIS' Control Over the Bovine Tuberculosis Eradication Program, dated September 2006.

## **Recommendation 12**

Automate inspection results for rejected animals from Mexico and document the reasons for those rejections. In addition, periodically analyze those rejections and use the results of that analysis to contact Mexico's animal health agency officials and to implement corrective actions as needed.

### **Agency Response**

The response stated that APHIS officials agreed with our recommendation, but that the current Import Tracking System does not have the capability to automate inspection results. APHIS officials stated that the new import module of VSPS will incorporate this feature, but this will not be completed until September 30, 2009. In the interim, APHIS officials will develop a manual reporting system and related operating procedures for import noncompliance issues disclosed at the ports-of-entry with Mexico. The operating procedures will be developed at the Mexican Border Port Veterinarian workshop held the week of July 14, 2008, and will be implemented by September 1, 2008.

### **OIG Position**

In the response to our report, it was not clear that APHIS officials would periodically analyze all animal rejections and use the results of that analysis to contact Mexico's animal health agency officials to implement corrective actions. In order to reach management decision, APHIS needs to provide a response that includes procedures and an implementation date for periodically analyzing all animal rejections from Mexico, and use the results of that analysis to contact Mexico's animal health agency officials to implement corrective actions as needed.

## Section 2. Accountability for Official USDA Seals

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### Finding 5                      **APHIS Needs a Better System to Account for Official USDA Seals**

APHIS area and port operations did not properly safeguard or account for official USDA seals used to secure shipments of restricted animals. We found that over 14,000 seals could not be accounted for at 5 area offices, and that sufficient information was not available to reconcile the seals at 4 of the 5 port offices we visited. APHIS established requirements for accredited veterinarians<sup>62</sup> to follow in safeguarding seals, but had not issued procedures or guidelines to their own staff. As a result, there were inconsistencies in how seals were handled by APHIS area and port officials. We consider this a potential risk to homeland security because a seal signifies that the conveyance has been inspected and approved for entry into the United States.

Federal regulations<sup>63</sup> state that accredited veterinarians shall be responsible for the security and proper use of all official materials, including certificates, forms, tags, bands, or other identification devices. Accredited veterinarians must immediately report any loss, theft, and deliberate or accidental misuse of official materials. In addition, APHIS has a policy memorandum<sup>64</sup> that establishes a system of accounting for official USDA seals issued to accredited veterinarians. However, APHIS did not have written procedures to address accountability for seals by area office or port-of-entry staff, or to periodically account for seals maintained by accredited veterinarians.

Certain shipments of live animals are required to have the truck doors secured with an official USDA seal to maintain the integrity of restricted animal movements (e.g., Canadian swine). APHIS purchased nearly 1 million USDA seals between FYs 2001 and 2006. The seals are numbered sequentially, are tamper-proof in design, and are used by APHIS personnel and their accredited veterinarians to secure shipments. APHIS designates specific personnel at feedlot and slaughter establishments to check the integrity of seals on arriving shipments, and to confirm that the seal numbers are the same as those recorded on the accompanying import documentation. The presence of a USDA seal on a shipment signifies to FSIS at slaughter establishments that those animals passed inspection by an APHIS official or an accredited veterinarian and can be slaughtered.

During our visits to five area offices and five ports-of-entry, we found there was no consistency in how seals were safeguarded or controlled. APHIS had not developed procedures or instructions to explain how seals should be handled. As a result, each location maintained seals and records of seal usage

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<sup>62</sup> We did not determine whether any accredited veterinarian followed these safeguarding procedures.

<sup>63</sup> 9 CFR 161.3(j) dated March 15, 2002.

<sup>64</sup> VS Memorandum 592.112, Control of USDA Seals Used for Export Purposes, dated September 13, 1993.

differently. Our site visits also disclosed that physical controls over seals were lacking at two locations. For example, one port-of-entry had seals accessible behind a counter and left other seals unattended in an unlocked vehicle.

We determined that 9 of the 10 locations we visited did not have sufficient documentation to reconcile the number of seals received, issued, and used. After we obtained purchase information from APHIS' seal supplier, we were able to perform reconciliations at the 5 area offices. Based on the limited documentation maintained at those offices, we calculated that at least [ ] seals purchased or on-hand from previous orders were not recorded as issued or in inventory. Four of the five port locations we visited maintained even less documentation than the area offices.

We concluded that controls needed to be immediately implemented for USDA seals. Seals provide an additional safeguard over imported animals that end up in the U.S. food supply. In addition, seals also indicate that a shipment was inspected by a USDA or official representative and that the contents were secured. Due to the critical nature of this issue and the number of seals that could not be accounted for, we issued a Management Alert to APHIS dated May 1, 2007. In response, APHIS officials stated that they were preparing memoranda that specified the procedures for the accountability for official USDA seals.

APHIS needs to establish greater controls over official USDA seals used to secure animal shipments. Even though we found that all five area offices maintained some type of inventory records, area officials did not document that all seals were issued or returned. Without procedures or guidelines to follow, area and port officials did not know to reconcile the number of seals in inventory with the number received and issued, or to secure the area where the seals were stored.

### **Recommendation 13**

Initiate an inventory of seals, reconcile seals on hand to receipts, identify if any additional seals are unaccounted for, and obtain explanations to resolve and account for those seals.

#### **Agency Response**

In their response to the Management Alert, dated May 17, 2007, APHIS officials stated that they would issue an alert instructing all area offices to immediately reconcile their current seals on hand and to increase the security of official USDA seals maintained in their office. APHIS also indicated that they have not received any information on the misuse of official USDA seals. APHIS officials issued an alert to area offices on October 17, 2007, with

instructions to reconcile official USDA seals on hand, and to increase the security over official USDA seals. In response to this report, APHIS officials stated that records of seals distributed were not uniformly collected or maintained. Since APHIS had not received any reports on the misuse or theft of seals, it would be more effective to implement detailed guidelines and policy for all area offices to secure and record current seal inventories, as detailed in their response to Recommendation 15.

### **OIG Position**

In order to reach management decision, APHIS officials need to provide a response that indicates when area officials will complete an inventory, document the seals currently on hand, and secure official USDA seals from theft or misuse.

## **Recommendation 14**

Notify field operations of the missing official USDA seal numbers, and issue instructions that any shipment found with these numbers receive extra scrutiny; inspection personnel should also ascertain the origin of the official USDA seals, and notify the Area Veterinarian-in-Charge and regional office that missing official USDA seals were located and include the details of the shipment.

### **Agency Response**

In their response to the Management Alert, dated May 17, 2007, APHIS officials stated that they would issue an alert instructing all area offices to immediately reconcile their current seals on hand and to increase the security over official USDA seals maintained in their office. APHIS also indicated that they have not received any information on the misuse of official USDA seals. APHIS officials issued an alert to area offices on October 17, 2007, with instructions to reconcile official USDA seals on hand and to increase the security over official USDA seals. In response to this report, APHIS officials reiterated that seals cannot be used for a shipment without the accompanying official paperwork, and that they have not found any misuse in their efforts to establish better controls over seals.

### **OIG Position**

We accept APHIS' management decision. No further action is necessary.

## **Recommendation 15**

Establish written policies and guidelines for APHIS officials to follow to ensure that they adequately record and inventory official USDA seals under their control on a routine basis. As part of this process, include reviews of the accountability of official USDA seals issued to accredited veterinarians.

### **Agency Response**

APHIS officials agreed with our recommendation and stated that they developed and issued guidance for their area officials to follow on October 17, 2007. The guidance contained instructions for the inventory, control, and proper use of official USDA seals. A new APHIS memorandum is currently under review and will be published by May 30, 2008, that will provide more detailed instructions and procedures for the proper use, distribution, accounting, and security of official USDA seals.

### **OIG Position**

We accept APHIS' management decision. For final action, provide the OCFO with the new memorandum on the proper use, distribution, accounting, and security of official USDA seals issued to area office staff.

## **Recommendation 16**

Require accredited veterinarians to periodically reconcile and account for their inventories of official USDA seals.

### **Agency Response**

The response stated that APHIS officials agreed with our recommendations and they will develop a memorandum for all accredited veterinarians to follow that specifies their responsibilities in the proper use, distribution, accounting, and security of all accountable forms and seals. The new memorandum will require accredited veterinarians to periodically reconcile and account for the seals in their inventories, and will be issued by May 30, 2008.

### **OIG Position**

We accept APHIS' management decision. For final action, provide the OCFO with the new memorandum on the proper use, distribution, accounting, and security of official USDA forms and seals that was issued to APHIS' accredited veterinarians.

### **Section 3. APHIS Needs to Improve Oversight of Area and Port Operations**

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APHIS reviews import operations at slaughter establishments and ports-of-entry to determine that import controls and protocols are functioning as intended. However, during FYs 2004 through 2006, area officials did not perform the required reviews at 17 of 29 approved slaughter establishments located in 4 States. In addition, APHIS management had not conducted operational reviews at [ ] ports-of-entry. As a result, there is reduced assurance that import controls and protocols were functioning as intended. We also found that controls had not been established to ensure the accuracy of import data being recorded in the Import Tracking System. We previously reported this problem to APHIS in March 2005.<sup>65</sup>

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#### **Finding 6**

#### **APHIS did not Re-inspect Slaughter Establishments that Imported Live Animals**

To prevent the dissemination of animal diseases, APHIS implemented certain import protocols for slaughter establishment personnel to follow. APHIS area officials are responsible for reviewing the protocols every six months. At 4 of the 5 area offices we reviewed, we found that they did not perform the required 6-month re-inspections at 17 of 29 establishments still listed on APHIS' website as approved to receive imported animals for slaughter. This occurred because APHIS Headquarters' officials had not sufficiently monitored the performance of the re-inspections, or questioned area officials when re-inspections were not timely performed. As a result, 3 of the 17 establishments slaughtered 142,336 bovine and swine from Canada without APHIS ensuring that proper import protocols were in place.

A memorandum<sup>66</sup> on the importation of animals for immediate slaughter includes provisions that APHIS area and establishment officials must follow. Area officials approve, and semi-annually re-inspect, establishments that accept animals from Canada and Mexico for immediate slaughter. Area officials are required to report the status of those re-inspections to APHIS Headquarters, which maintains a listing on its website of approved establishments. APHIS Headquarters officials also issued protocols that require establishment personnel to verify the official USDA seal numbers and review the required import documents prior to unloading a shipment. To prevent the dissemination of disease, establishment personnel must: (1) maintain animals in specific pens; (2) not remove those animals from the premises, unless authorized; and (3) slaughter the animals within two weeks from the date of entry.

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<sup>65</sup> OIG Audit Report No. 33501-1-CH, Review of Application Controls for the Import Tracking System, dated March 2005.

<sup>66</sup> APHIS VS Memorandum 591.15, Importation of Restricted Animals from Canada and Mexico, dated March 9, 1994.

APHIS maintains a web-based listing of 163<sup>67</sup> immediate slaughter establishments approved to import immediate slaughter animals. If an establishment no longer receives imported animals for immediate slaughter it must notify the APHIS area office, which sends written notification to both the establishment and APHIS Headquarters that the establishment is no longer approved to import. APHIS Headquarters officials use that written notification to update the nationwide approved establishment listing on their website. However, we found that 14 of the 17 establishments did not import immediate slaughter animals during FY 2006 and were still listed as approved establishments on APHIS' website. APHIS area officials stated that 3 of the 17 establishments that received imported animals were not inspected because they did not have the staff to perform all of the re-inspections. The listing of approved establishments is important since it is used by port officials to determine whether an imported animal shipment should be allowed entry into the United States.

An APHIS Headquarters official stated that they do their best to continually monitor the listing of approved establishments and the reports of re-inspections submitted by area offices. However, we found that the May 2007 listing of approved establishments for the five States we reviewed listed the most recent inspection for one establishment as January 1999. Therefore, we concluded that APHIS Headquarters officials did not adequately monitor or follow up with area officials as to why the required re-inspections were not performed.

## **Recommendation 17**

Instruct area office personnel to review the current list of approved slaughter establishments and report to APHIS Headquarters which locations need to be updated.

### **Agency Response**

In their response APHIS officials stated that they agreed with our recommendation and they will instruct area office staff to review the current list of approved slaughter establishments and report to their regional officials which locations need to be updated. The regional offices were instructed to provide the updated listing to APHIS Headquarters no later than April 30, 2008.

### **OIG Position**

We accept APHIS' management decision. For final action, provide the OCFO with a copy of the updated list of approved slaughter establishments.

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<sup>67</sup> The total number of slaughter establishments approved to receive immediate slaughter animals from Canada and Mexico nationwide as of May 9, 2007.

## Recommendation 18

Develop controls to ensure that re-inspections and other operational reviews are completed in a timely manner.

### Agency Response

The response by APHIS officials stated that they agreed with our recommendation, and controls were in place. APHIS officials noted that the 6-month re-inspection of approved slaughter establishments was a required component and that they would work to better standardize the process by issuing alerts of upcoming re-inspections. The first review of completed and upcoming re-inspections of slaughter establishments will be completed by April 30, 2008.

### OIG Position

We accept APHIS' management decision. For final action, provide the OCFO with the procedures that were implemented to ensure re-inspections are completed in a timely manner.

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## Finding 7

### Port Operations Not Routinely Reviewed

APHIS regional officials had not reviewed [ ] ports-of-entry in the past 5 years. Regional officials stated that they did not always visit ports-of-entry because they delegated this responsibility to the area offices. The area offices, however, did not conduct oversight reviews and the regional office did not have controls to assure reviews were done. As a result, we found inconsistencies in port operations. APHIS lacks management oversight to ensure port officials properly implement import requirements.

Federal regulations<sup>68</sup> require certain conditions be met before animals from foreign countries are allowed into the United States. The conditions for import require port officials to perform a visual inspection of the imported animals, review and generate import documents, and track certain shipments to ensure all animals arrived at their destination. APHIS procedures require regional offices to provide oversight of area offices, to include periodically performing operational reviews of port operations through what is called a station review.<sup>69</sup>

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<sup>68</sup> 9 CFR Part 93, dated July 27, 2006.

<sup>69</sup> APHIS VS Memorandum 515.1, Guidelines for Veterinary Services Program and Station Reviews, dated October 2005.

### Inconsistencies in Port Operations

Our visits to [ ] ports-of-entry disclosed that port officials were inconsistent in the execution of port procedures and therefore, did not ensure compliance with animal import requirements. For example, immediate slaughter swine shipments from Canada should be visually inspected and sealed at the port-of-entry.<sup>70</sup> However, we observed officials at two ports-of-entry who did not seal every door on slaughter swine transports, and one port-of-entry did not visually inspect the upper level of the trailer.

We also found inconsistencies at the ports-of-entry in how they accounted for official USDA seals. For example, one port official only recorded the serial numbers for those that were issued, while another port official recorded the receipt and issuance of each seal.

OIG recommended in two previous audit reports<sup>71</sup> that APHIS develop and implement a port operations manual that would prescribe the controls and procedures at ports-of-entry. In January 2001, we accepted APHIS management's response to our prior audit recommendations where they anticipated a final version of a port manual by May 1, 2001. However, as of December 2007, a standardized port manual had not been completed due to other priorities.

### Lack of Oversight of Port Operations

We found that port operations are not generally included in APHIS' station reviews. Since 2002, APHIS has not reviewed the operations at [ ] ports-of-entry. Although 20 of the 71 ports-of-entry had been reviewed over the last 5 years, those ports-of-entry were responsible for only 13 percent of the animals imported during FY 2006. The remaining 51 ports-of-entry, responsible for the majority of imported animals, were not reviewed at all.

We determined that APHIS regional officials had deferred the oversight of port operations to their area officials. However, they had not established a formal policy that required area officials to periodically review ports-of-entry. In discussions with three area officials responsible for import operations at [ ] northern and southern border ports-of-entry, they stated that they did not perform routine or formal port reviews. Those same officials stated that they would periodically visit the ports-of-entry under their supervision, but those visits occurred either in a relief capacity or to provide the port veterinarians with their annual employee evaluations. APHIS

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<sup>70</sup> 9 CFR Part 93.517(b), dated April 7, 2003, and 93.518, dated October 28, 1997, and VS Memorandum 591.15, Importation of Restricted Animals from Canada and Mexico, dated March 9, 1994.

<sup>71</sup> OIG Audit Report No. 33099-2-HY, APHIS International Programs, dated January 2001, and Audit Report No. 33099-1-HY, APHIS International Programs, dated June, 1995.

officials from both regions agreed that although there was no written policy to conduct a routine formal port review, there would be no way for area officials to assess and correct problems if they did not routinely review port operations.

As noted in Finding 2 of this report, regional officials provided OIG with a draft version of APHIS' Safeguarding Review Action Plan – Animal Import Land Border Point of Entry.<sup>72</sup> The Action Plan noted that the safeguarding review team reviewed 23 ports-of-entry in August and September 2004. We visited five of the same ports-of-entry as the safeguarding review team and found similar conditions. For example, we determined there was a lack of coordination with CBP officials regarding the notification of incoming live animal shipments and the implementation of the Temporary Horse Program (see Finding 2), that APHIS still had not issued a standard port operations manual which resulted in inconsistencies in operations between the ports-of-entry, and APHIS port officials were still making input errors in the Import Tracking System (see Finding 8). APHIS officials could not explain why corrective actions have not been taken on these issues.

Although the agency's Strategic Plan<sup>73</sup> noted that regional offices would provide greater oversight of their offices in surveillance and control activities, we concluded that APHIS has not made it a priority to do so. Until APHIS requires routine reviews of ports-of-entry and issues a standardized port operations manual, there is reduced assurance that port officials have adequately and consistently implemented import requirements.

## **Recommendation 19**

Complete and distribute a port operations manual to officials responsible for the review and approval of animal imports to include provisions for inspecting and sealing trailers, reconciling bovine and swine shipments, and accounting for official USDA seals.

### **Agency Response**

APHIS officials agreed with our recommendation and stated that the port operations manual will be completed and distributed by June 30, 2008.

### **OIG Position**

We accept APHIS' management decision. For final action, provide the OCFO with a copy of the completed port operations manual and the effective date of implementation.

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<sup>72</sup> APHIS Report, Safeguarding Review Action Plan (Draft), dated January 31, 2007.

<sup>73</sup> APHIS VS Strategic Plan FY 2006 to FY 2011.

## Recommendation 20

Amend VS Memorandum 515.1, Guidelines for Veterinary Services Program and Station Reviews, dated October 2005, to review selected ports-of-entry during the annual station review process.

### Agency Response

In their response APHIS officials stated that they agreed with our recommendation, and that a port is reviewed at the time a station review is conducted. APHIS officials agreed to amend VS Memorandum 515.1, by May 30, 2008, to include a port facility review checklist.

### OIG Position

We accept APHIS' management decision. For final action, provide the OCFO with the amended VS Memorandum 515.1 and the port facility review checklist.

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## Finding 8

### Import Tracking System Errors Are Still Occurring

APHIS uses the Import Tracking System (ITS) to record information on all live animal imports. We identified data errors (e.g., incorrect quantities, destinations, species, and purposes) with records entered into ITS for live animal shipments. We disclosed similar data errors in a previous OIG audit.<sup>74</sup> In that audit, we attributed this weakness to the lack of sufficient manual controls (such as second party reviews) and systemic edit checks for data input into the system. Corrective actions for this previously reported problem were to be implemented in the system that was to replace ITS by April 2005. However, APHIS still has not implemented ITS' replacement due to changes in agency priorities, and the system is not anticipated to be completed before September 2008. As a result, APHIS officials utilized incorrect animal import data to prepare reports for stakeholders and to perform analysis of import patterns to develop models for emerging animal diseases.

For each shipment of imported animals, APHIS port officials enter into a local stand alone version of ITS the animal quantity, species, purpose, and destination. After port officials enter data into the local ITS, they transmit this information to APHIS at the Center for Epidemiology and Animal Health (CEAH) to be uploaded into the nationwide ITS system. CEAH officials oversee ITS, and utilize the animal import data for statistical purposes and to develop reports and models for emerging animal diseases. Departmental

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<sup>74</sup> OIG Audit Report No. 33501-1-CH, Review of Application Controls for the Import Tracking System, dated March 2005.

Regulations<sup>75</sup> require agencies to ensure the validity of input data to check for accuracy, completeness, consistency, and reasonableness.

In a previous OIG audit, we reported that ITS did not have sufficient manual or systemic application controls in place to ensure the accuracy of information in the system. In response to this audit, APHIS replied that insufficient personnel were available at most ports-of-entry to implement additional manual controls such as second party or supervisory reviews. However, APHIS officials did state that new systemic controls, such as cross-validation checks, would be incorporated into a new system, Veterinary Services Process Streamlining (VSPS), by April 30, 2005, to help identify input errors and ensure the data were complete and reasonable.

We tested ITS data for FY 2006 and found the rate and types of errors made were similar to what we previously reported. We tested ITS data for 224 shipments at 5 ports of entry, and determined that 7 (3 percent) of those records contained some type of input error. The types of errors we identified included 540 feeder swine listed as slaughter swine, a poultry shipment of 5,184 animals recorded as a swine shipment (causing errors in both poultry and swine data), and 2 foreign importer locations mistakenly coded as a U.S. destination. The errors could have been prevented if the input data were either reviewed by another staff person or if ITS contained sufficient systemic controls, such as a data cross-validation checks, to identify the input of erroneous data.

In a discussion with CEAH officials, they stated that they did not have the staff to perform manual edits checks of the data entered into ITS. CEAH officials also stated that they would direct their limited information technology resources to the development of certain cross-validation checks into the import module of VSPS. This reply was similar to the response APHIS provided to our previous audit<sup>76</sup> recommendation in March 2005. We accepted management decision on that recommendation because APHIS' response stated that the import module of VSPS would be completed by April 30, 2005, and this would correct the system problems we previously reported. However, APHIS still has not implemented the import module of VSPS due to changes in agency priorities, and the system is not anticipated to be completed before September 2008. As a result, controls are still not in place to ensure the accuracy of data in ITS, and interim actions are needed to do so.

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<sup>75</sup> Departmental Manual 3140-1, Management ADP Security Manual, Section 17 (a)(4), dated July 19, 1984.

<sup>76</sup> OIG Audit Report No. 33501-1-CH, Review of Application Controls for the Import Tracking System, dated March 2005.

## **Recommendation 21**

Establish manual and automated application controls for ITS until the import module of VSPS is implemented at the ports-of-entry.

### **Agency Response**

In their response APHIS officials stated that currently all import data is reviewed manually for obvious discrepancies and cross-checked with AMS data. The ITS does not have an internal data quality aspect to cross-check the validity of entries, and funding is not currently available to add any enhancements to the current system. APHIS will continue to manually validate the ITS data.

### **OIG Position**

The current APHIS manual validation of ITS data was not sufficient to ensure the accuracy of information in system and until VSPS can be implemented, additional measures are needed in order to comply with Departmental Regulations. Actions such as a second party review of daily transactions at the ports-of-entry prior to data being uploaded to ITS would quickly identify errors before entry into the system. In order to reach management decision, APHIS needs to provide a response that includes the additional manual or automated application controls that are needed to ensure the accuracy of ITS until the new import module in VSPS can be implemented.

# Scope and Methodology

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We performed our audit fieldwork from August 2006 through July 2007 at APHIS' and FSIS' national offices, APHIS' eastern and western regional offices, Center for Epidemiology and Animal Health (CEAH), 5 of 41 area offices, and 5 of 37 land border ports-of-entry out of a total of over 60 ports-of-entry nationwide. We also visited two bovine and two swine slaughter facilities, and two feedlots. In addition, we evaluated information from APHIS' IES field offices; APHIS' property warehouse in Kansas, City, MO; and 15 feedlots located in Minnesota and Nebraska that received bovine from Canada. The audit covered FY 2006, but prior years were included as noted in the Findings and Recommendations section of the report.

At APHIS' National office, we reviewed animal import data, and selected the [ ] Canadian ports-of-entry and [ ] Mexican port-of-entry for visit (based on the number of animals imported). A total of 33 of the 40 million animals imported during FYs 2005 and 2006 crossed through these 5 ports-of-entry. At the western regional office, we determined that the area offices had a key role in the oversight of port operations, so we expanded the scope to include visits to area offices.

We conducted the audit in accordance with *Government Auditing Standards*.

To accomplish our audit objectives we:

- Interviewed APHIS officials at the national, regional, and area offices, and land border ports-of-entry; FSIS officials at the national, district, and slaughter facilities; and management at selected slaughter facilities and feedlots.
- Reviewed APHIS and FSIS laws, rules, regulations, policies, procedures, and interagency agreements pertaining to the importation and movement of live animals.
- Compared CEAH statistical data for imported live animals to port statistical data to assess the accuracy of the ITS, and to determine whether ITS deficiencies reported in the prior audit<sup>77</sup> still existed.
- Analyzed APHIS station and port reviews performed during FYs 2002 through 2006 to determine whether major ports-of-entry have been reviewed.

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<sup>77</sup> OIG Audit Report No. 33501-1-CH, Review of Application Controls for the Import Tracking System, dated March 2005.

- Analyzed IES quarterly reports and case information for import violations and assessed communications between IES and APHIS' Veterinary Services.
- Evaluated area office oversight of port and slaughter establishment operations, and the implementation of import procedures and policies.
- Observed port operations and inspections of live animal shipments in order to evaluate controls over live animal imports.
- Conducted inventories of official USDA seals at APHIS area offices and ports-of-entry, and analyzed safeguarding and issuance controls.
- Observed FSIS and facility procedures for processing shipments of restricted Canadian animals.
- Interviewed feedlot managers to determine their procedures for determining the age of bovine imported from Canada.
- Assessed APHIS' progress in implementing the Veterinary Services Process Streamlining system.



MAR 31 2008

United States  
Department of  
Agriculture

Animal and Plant  
Health Inspection  
Service

Washington, DC  
20250

## MEMORANDUM

**TO:** Robert W. Young  
Assistant Inspector General  
for Audit

**FROM:** Cindy J. Smith  
Administrator *Kevin Shea / for*

**SUBJECT:** APHIS Response on OIG Report, "USDA's Controls Over the Importation and Movement of Live Animals" (50601-12-CH)

Thank you for the opportunity for the Animal and Plant Health Inspection Service (APHIS) to comment on this report. APHIS has provided a response to each Recommendation, with the exception of Recommendation 3, which belongs to the Food Safety and Inspection Service (FSIS).

**Recommendation 1: Compile and analyze information from area officials, FSIS, and IES' open and closed cases to identify the extent of all health certificate issues.**

**APHIS Response:** We agree with this Recommendation. Veterinary Services' (VS) Area officials currently review the Investigative and Enforcement Services (IES) open and closed cases on a quarterly basis. VS will develop a plan to provide FSIS and IES data directly to our National Center for Import and Export (NCIE), by June 30, 2008.

**Recommendation 2: Communicate noncompliance with United States import policies to FSIS and CFIA, and coordinate efforts with CFIA to prevent additional import problems.**

**APHIS Response:** We agree with this Recommendation. The Canadian Food Inspection Agency (CFIA) and FSIS are regularly informed of import violations. NCIE coordinates closely with CFIA and FSIS to resolve health certification or animal identification issues. Recently, the VS Eastern Region (ER) and Western Region (WR) began developing a tracking sheet of violations in order to maintain a record of these violations as well as to assess trends with importers and exporters. This tracking sheet will be provided to CFIA on a monthly basis for follow up. The first submission to CFIA will occur by April 30, 2008.



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**Recommendation 4: Establish an automated system of records to document, track, and report problems with imported animals to key stakeholders. In addition, periodically review these results in order to determine the development of any nationwide trends.**

**APHIS Response:** We agree with this Recommendation. VS is putting together a requirements development team of NCIE, Regional Import Export Coordinators, Port Veterinarians from both borders, Center for Epidemiology and Animal Health (CEAH) Database Managers and Risk Analysts to create the business rules for data entry, the data fields, and the logic and data field validation to insure the information entered at the land border ports of entry is as accurate and complete as possible. To start on the requirements development process, we have had the Veterinary Services Process Streamlining (VSPS) development team spend a week each with a Land Border Port veterinarian from the Mexican border, the WR Canadian border, and the ER Canadian border, so that the development team could gain an in depth understanding of the current Import Tracking System (ITS) process, its shortcomings, and some initial thoughts from the port veterinarians on improvements needed. The requirements gathering for VSPS will take place during the rest of Fiscal Year 2008. Development of the import module of VSPS will be completed by September 30, 2009.

**Recommendation 5: Develop and implement procedures to perform periodic reviews of Canada's export operations.**

**APHIS Response:** For many diseases in animals, the health status of Canada and the United States is very similar. Accordingly, for most live animal, embryo, and semen exports from Canada to the United States, the export requirements are usually a health certificate signed by the accredited veterinarian and endorsement by the CFIA veterinarian. The reviews which are performed relate to the disease status of the country; for example, an ongoing Bovine Tuberculosis (TB) review and risk assessment is underway for all of Canada to assess their status for freedom from TB. During such an assessment, the veterinary infrastructure, laboratory practices, infected herd management and surveillance activities are thoroughly reviewed. Based on such reviews and the close ongoing working relationship with CFIA, APHIS believes that it would be redundant to develop procedures to perform additional reviews of Canada's export operations.

**Recommendation 6: Establish better coordination with CBP officials at the northern border to ensure that all animal shipments are properly inspected. Develop an interim process of tracking live animal imports entering the United States.**

**APHIS Response:** We agree with this Recommendation. VS will work with Customs and Border Protection (CBP) to develop a guidance/policy document on how communication should occur between USDA port officials and CBP by June 30, 2008. Currently, when alerts such as import bans for countries affected with

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highly pathogenic avian influenza H5N1 are issued, the actions needed at the ports by both VS and CBP are specified in the alerts. At the local level, shipments that require VS inspection are coordinated between CBP and USDA port personnel. We will develop a policy at the national level detailing this process. CBP has a database which captures entry information.

**Recommendation 7: Issue instructions to CBP officials stating the requirements and related procedures for horses imported from Canada under a temporary authorization.**

**APHIS Response:** We agree with this Recommendation. VS will issue instructions by May 30, 2008.

**Recommendation 8: Establish and implement procedures for reconciling all imported restricted animals and forward any discrepancies documented by FSIS officials to area and regional offices for further analysis.**

**APHIS Response:** APHIS has taken this action previously in the case of pigs imported for immediate slaughter. The discrepancies found between the number of pigs listed on the VS Form 17-29 (Declaration of Importation) and what was actually reported by FSIS at time of unloading as noted by FSIS on VS Form 17-33 (Animals Imported for Immediate Slaughter) were reviewed and analyzed. It was determined that industry practices of loading pigs in large groups, not singly, resulted in inaccurate counts of animals in the load. The numbers noted on the documentation were estimates. In the case of pigs, this industry practice could not be changed as pigs would not load singly onto a truck which is what is needed in order to get more accurate counts. Pigs will not walk by themselves, but will only move forward in a group. We then decided that as long as there was no evidence of tampering with the load (i.e. no broken seals, unusual length of transport time, differing ages and sizes in pigs) and the numbers noted on the documents were higher than was counted at the slaughter plant, then there was no animal health risk.

In the case of cattle from Canada imported for slaughter, we have revised the annex page of the Canadian import health certificate to allow for the shipper to list the exact number of cattle on the load at the time of loading in order to minimize the difference in counts of animals at the slaughter plants. As of November 19, 2007, the date of the implementation of this certificate, VS has not received any notification from FSIS of discrepancies regarding numbers of animals. VS will contact FSIS by April 30, 2008 to determine if the current actions taken have been effective.

**Recommendation 9: Establish and implement procedures to periodically analyze discrepancies identified by the animal import reconciliation process for trends or other problems with restricted animals. Determine, through investigation, whether these problems are systemic and require other actions by port personnel or the country of origin.**

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**APHIS Response:** We agree with this Recommendation. The procedures have been established. The ER and WR have recently developed tracking sheets to manually track all non-compliance issues reported to them from Area Veterinarians-in-Charge (AVICs) in order to assess whether trends or systemic problems exist. These tracking sheets will also serve as a summary report to Canada for follow-up with their accredited veterinarians and industry. The first submission to CFIA will be by April 30, 2008.

**Recommendation 10: Reject the entire shipment from entry into the United States, if port officials cannot confirm that the animals tested negative for diseases such as TB.**

**APHIS Response:** Due to the nature of tuberculosis, the most important information to assess the status of an animal for tuberculosis is the status of the herd of origin. Individual animal testing is a useful tool but is not the only information needed. VS currently has strenuous testing requirements for cattle herds of origin from Mexico for tuberculosis. At the port of entry, if we are unable to confirm an animal's testing status, then the individual animal is rejected, not the entire shipment. Rejected animals may have lost their identification or their health records may not be properly filled out. Since the animal would have originated from a herd which was tested according to our requirements, it is unlikely that the animal was not previously tested. Also due to the established negative status of the herd of origin, the risk of that animal being positive for tuberculosis and exposing other animals in that shipment would be very low.

**Recommendation 11: Implement procedures at the southern border ports-of-entry to require port officials to amend import documents to reflect only those animals that are allowed to enter the United States.**

**APHIS Response:** We agree with this Recommendation. VS is currently writing an import protocol for inspection procedures at Mexican border ports, and can add a requirement that individual rejected animals be lined out on the import documents. This protocol should be finalized by April 30, 2008.

**Recommendation 12: Automate inspection results for rejected animals from Mexico and document the reasons for those rejections. In addition, periodically analyze those rejections and use the results of that analysis to contact Mexico's animal health agency officials and to implement corrective actions as needed.**

**APHIS Response:** We agree with this Recommendation. The current ITS does not have this capability. Since we are in the middle of the development of the Import Module of the VSPS, this feature will be part of VSPS. In the interim VS can work on developing a manual reporting system for noncompliance of animals offered for entry at the Mexican border point-of-entry. Currently there is a Standard Operating Procedure (SOP) in place titled "Notifying SAGARPA of Boophilus Ticks Found at Mexican/US Border Ports," which outlines the documents and reporting procedures

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for shipments refused entry due to finding of ticks. VS plans to develop and implement a similar manual process for other types of noncompliance. A new SOP on animals rejected for other reasons will be developed during the Mexican Border Port Veterinarian workshop, scheduled for the week of July 14, 2008. The SOP will be implemented by September 1, 2008.

**Recommendation 13: In our Management Alert, dated May 1, 2007, we recommended that APHIS initiate an inventory of seals, and reconcile seals on hand to receipts and identify if any additional seals are unaccounted for, and obtain explanations to resolve and account for those seals.**

**APHIS Response:** Records of seals distributed were not uniformly collected or maintained. As we noted in our response to OIG's Management Alert, there has never been a report of misuse or theft of USDA seals. VS believes it would be more effective to implement detailed guidance and policy documents for all areas to secure and record current and future seal inventories, as detailed in the response to Recommendation #15.

**Recommendation 14: In our Management Alert, dated May 1, 2007, we recommended that APHIS officials notify field operations of the missing official USDA seal numbers, and issue instructions that any shipment found with these numbers receive extra scrutiny; inspection personnel should also ascertain the origin of the official USDA seals, and notify the Area Veterinarian-in-Charge and regional office that missing official USDA seals were located and include the details of the shipment.**

**APHIS Response:** Seals cannot be used without the shipment or vehicle being accompanied by official paperwork such as VS Form 1-27 (Permit for Movement of Restricted Animals) or VS Form 17-33 signed by APHIS officials. These forms are also accountable items and only authorized individuals are given these forms along with the seals to be used. Any seals which are used on vehicles without VS authorization and proper documentation would immediately raise suspicion and be investigated thoroughly. There have been no such incidents reported in VS. As we noted in our response to the Management Alert, there has been no report of theft or loss of USDA seals.

**Recommendation 15: Establish written policies and guidelines for APHIS officials to follow to ensure that they adequately record and inventory official USDA seals under their control on a routine basis. As part of this process, include reviews over the accountability of official USDA seals issued to accredited veterinarians.**

**APHIS Response:** We agree with this Recommendation. VS developed and distributed guidance to the field on October 17, 2007 titled "Veterinary Services Policy on Inventory, Control, and Use of USDA Seals," which outlines the actions AVICs and port personnel must immediately take to secure and document seals

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used in their offices. A new VS memo, currently under internal review, will provide more detailed instructions and procedures for proper use, distribution, accounting and security of all seals used in VS. We plan to have the memo completed and published by May 30, 2008.

**Recommendation 16: Require accredited veterinarians to periodically reconcile and account for their inventories of official USDA seals.**

**APHIS Response:** We agree with this Recommendation. Another memo will be developed specifically for accredited veterinarians that outlines their responsibilities in the proper use, distribution, accounting and security of all accountable forms and seals issued by USDA. This memo, which will require accredited veterinarians to periodically reconcile and account for their inventories of official USDA seals, will be completed by May 30, 2008.

**Recommendation 17: Instruct area office personnel to review the current list of approved slaughter establishments and report to APHIS Headquarters which locations need to be updated.**

**APHIS Response:** We agree with this Recommendation. Area office personnel will be instructed to review the current list of approved slaughter establishments and report to APHIS Headquarters which locations need to be updated. NCIE will request that both Regions provide an updated list to NCIE by April 30, 2008.

**Recommendation 18: Develop controls to ensure that re-inspections and other operational reviews are completed in a timely manner.**

**APHIS Response:** We agree with this Recommendation. Controls are in place. A 6-month re-inspection of approved slaughter establishments is a required component. VS will work to better standardize the re-inspections by issuing alerts from headquarters of any upcoming re-inspections. The first review and alert of upcoming re-inspections will be completed by April 30, 2008.

**Recommendation 19: Complete and distribute a port operations manual to officials responsible for the review and approval of animal imports to include provisions for inspecting and sealing trailers, reconciling bovine and swine shipments, and accounting for official USDA seals.**

**APHIS Response:** We agree with this Recommendation. The manual will be completed and distributed by June 30, 2008.

**Recommendation 20: Amend VS Memorandum 515.1, Guidelines for Veterinary Services Program and Station Reviews, dated October 2005, to review selected ports-of-entry during the annual station review process.**

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**APHIS Response:** We agree with this Recommendation. A port facility checklist with specific criteria can be developed in conjunction with VS memo 515.1. Currently, if a VS Area Office has a port in its jurisdiction that port is reviewed when the station review is done. The memo and port facility review checklist will be completed by May 30, 2008.

**Recommendation 21: Establish manual and automated application controls for ITS until the import module of VSPS is implemented at the ports-of-entry.**

**APHIS Response:** Currently, all import data in ITS is reviewed manually by the WR for any obvious discrepancies and cross-checked with AMS data. ITS currently has no internal data-quality aspects to cross-check the validity of entries. Funds are not available to upgrade ITS. VS will continue to manually validate the ITS data.

# Exhibit B – FSIS' Response to the Report

Exhibit B - Page 1 of 2

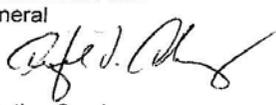


United States  
Department of  
Agriculture

Food Safety  
and Inspection  
Service

Washington, D.C.  
20250

**TO:** Robert W. Young  
Assistant Inspector General for Audit  
Office of Inspector General

**FROM:** Alfred V. Almanza   
Administrator  
Food Safety and Inspection Service

**SUBJECT:** Office of Inspector General (OIG) Official Draft Audit Report – USDA's  
Controls Over the Importation and Movement of Live Animals, Report  
number 50601-12-Ch

FEB 25 2008

We appreciate the opportunity to review and comment on this report. The Food Safety and Inspection Service (FSIS) has reviewed the official draft report and has responded recommendation number 3.

### Recommendation 3

Implement procedures at slaughter establishments to perform random dentition checks to bovine from Canada to ensure compliance with import requirements.

### Agency Response

On May 1, 2007, OIG issued a Management Alert to the Animal and Plant Health Inspection Service (APHIS) and FSIS recommending, among other things, that FSIS perform random dentition checks of Canadian cattle to ensure compliance with import requirements. In response, FSIS stated that it would conduct a census of its Public Health Veterinarians (PHVs) regarding the determination of animal age on Canadian Health Certificates for imported cattle. If at any establishment cattle ages were certified by means of dentition alone, FSIS planned to instruct PHVs to examine the dentition of a sample of such cattle to identify any discrepancies between the ages stated on the Canadian Health certificates and the ages as determined through FSIS dentition examinations. The results of this sampling would have indicated the extent of problems with Canadian cattle 30 months old and older being incorrectly identified and entering the United States.

FSIS had conducted an initial census of PHVs, was analyzing the results and planning follow-up action when, on September 18, 2007, APHIS published a final rule recognizing Canada as a BSE minimal risk region, thus allowing Canadian cattle over 30 months of age into the United States. With the removal of the age restriction, once certification has been presented to APHIS that the animals were born on or after March 1, 1999, any cattle imported from Canada will be able to be moved and handled in the United States in the same way as U.S.-born cattle.

## **Exhibit B – FSIS’ Response to the Report**

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Exhibit B – Page 2 of 2

So, there remains no need for FSIS to determine whether cattle over 30 months of age are entering the U.S. from Canada and, accordingly, the Agency has discontinued its planned census and sample of dentition. Significantly, FSIS continues to notify APHIS, through our MOU, regarding imported cattle of questionable eligibility, in which case APHIS would make disposition. Further, establishments are still required to control SRMs in Canadian and domestic cattle under the regulations in 9 CFR 310.22 and FSIS verifies this control through inspection. FSIS Notice 76-07, issued November 16, 2007, *Importation of Canadian Cattle, Bison, Sheep and Goats in the United States*, outlines inspection program personnel responsibilities for upholding this requirement and provides updated information regarding the APHIS rule.

If you have any questions, please contact William C. Smith, Assistant Administrator, Office of Program Evaluation, Enforcement and Review, at (202) 720-8609.

Informational copies of this report have been distributed to:

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Attn: Agency Liaison Officer	
Administrator, FSIS	(20)
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